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ABSTRACT

As the appendices to an evaluation of the Economic Development Administration's (EDA) Selected Indian Reservation Program, this portion of the evaluation report presents individualized evaluations of each of the 16 reservations originally selected for the program in 1967. Each reservation evaluation is presented in terms of the following format: conclusions and recommendations; setting and background; and project analyses. The 16 reservations which are evaluated include the following: Annette Island, Alaska; Blackfeet, Montana; Crow, Montana; Crow Creek, South Dakota; Fort Berthold, North Dakota; Gila River, Arizona; Lower Brule, South Dakota; Mescalero, New Mexico; Navajo (Arizona, New Mexico, and Utah); Pine Ridge, South Dakota; Red Lake, Minnesota; Rosebud, South Dakota; Salt River, Arizona; San Carlos, Arizona; Standing Rock, North Dakota; Zuni Pueblo, New Mexico. (JC)

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An Evaluation of
EDA's Selected Indian Reservation Program

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Development
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INDIAN ECONOMIC DEVELOPMENT

An Evaluation of EDA's Selected Indian Reservation Program

VOLUME II

INDIVIDUAL RESERVATION REPORTS

APPENDICES

Prepared for the

ECONOMIC DEVELOPMENT ADMINISTRATION
U. S. DEPARTMENT OF COMMERCE
Washington, D. C. 20230

by

BOISE CASCADE CENTER FOR COMMUNITY DEVELOPMENT

July 1972
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This program analysis study was accomplished by professional consultants under contract (Number 1-35438) with the Economic Development Administration. The statements, findings, conclusions, recommendations, and other data in this report are solely those of the Contractor and do not necessarily reflect the views of the Economic Development Administration.

INDIVIDUAL RESERVATION REPORTS

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RESERVATION REPORT

ANNETTE ISLAND, ALASKA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Metlakatla Indian Community is located on Annette Island in the Alaskan panhandle about 700 miles north of Seattle. The economy of Metlakatla has traditionally been based on salmon fishing and processing. The community has operated its own cannery since 1921. This one-resource economy has been subject to variation in the quantity of fish available from year to year and highly seasonal employment, largely limited to the brief summer months of the fishing season. Other resources of the Island are timber and minerals, but until recently, these resources were totally untapped for development purposes.

Since 1966, the Economic Development Administration has approved four public works projects on Annette Island. These projects have contributed to the establishment of a timber industry, and will permit greater exploitation of the marine life in the waters surrounding the island. A pier for oceangoing vessels was a mandatory component of any effort to utilize the island's timber for economic purposes. Without this EDA project, there would be no efficient way to ship logs and other wood products from Annette to world markets. A complementary EDA project provided for a ramp addition to the dock which permits efficient loading and unloading of barges, a primary means of transporting goods in Southeastern Alaska. A third project funded a cold storage plant to be used in conjunction with the existing cannery. This facility will have the effect of lengthening the fishing season, and diversifying the fish crop which can be profitably processed for market. The fourth EDA project, yet to be completed, will provide the community with an adequate water distribution system. This is particularly needed to improve fire protection, both as a means to insure the safety of the existing community and its economy, and as an asset necessary to attract new industry.

The impact of these EDA projects has been notable to date, and an even greater future contribution is likely. The timber operation on the island is expected to generate almost one million dollars in income in 1971, the bulk of this going to members of the local community. The cold storage plant is expected to generate over $200,000 in income in 1971, its first year of operation. Future expansion of both these operations is expected. Furthermore, the EDA projects have had (or will have) a positive influence on local infrastructure, on the capabilities and attitudes of the community leadership, on the financial position of the community, and on community awareness of its economic resources and potential.

2. Conclusions

EDA-financed public works projects have had a profound effect on the community of Metlakatla. Before EDA involvement in the community, the

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economy was almost entirely based on salmon fishing and canning. Five years after the preparation of the OEDP, the community has: (1) an ongoing and growing, though by no means problem-free, timber industry and (2) the capacity to greatly expand its fishing operation to a longer season, a more diverse fish crop, and more sophisticated (and more profitable) processing techniques. An EDA-financed dock was a necessary input to the growth of the timber industry, and an EDA-financed cold storage plant is largely responsible for the increased sea products potential of the community.

A ramp addition to the dock offers a service benefit to the community in that it now has the advantage of regular barge service. This has been reflected in less expensive consumer goods and shipping rates. EDA-financed improvements to the water system in Metlakatla will have a service impact in better and more dependable water service for both consumption and fire protection. The better fire protection insures both property and employment.

The total EDA contribution has been $1,239,200 in grants and $381,800 in loans. Economic activities which are attributable to these projects employed 89 persons (69 members of the Metlakatla Indian community) earning $760,000 ($537,500 to community members) in 1970. Additionally, $110,000 in stumpage fees accrued to the community as a whole. In 1971, with the expanded timber operation and the opening of the cold storage plant, the income generated is expected to be $1,180,000, all but $300,000 of which will accrue to community members. Additionally, the National Bank of Alaska opened a branch in Metlakatla in 1970 which employs three persons (two community members) with a $20,000 annual payroll. While not directly attributable to any one project, the establishment of the branch bank is attributable to the improved economic conditions made possible by EDA projects.

EDA has made a notable contribution to the economic development potential of Annette Island. It has done this by imposing the OEDP planning process on the community, as well as by funding projects which contribute to the local economy. The OEDP required the community to face the economic development issues critical to the community and to develop a strategy to attain their development goals. The process of preparing and updating the OEDP was as important, if not more so, than the product produced. EDA's second contribution was funding projects which had obvious impact and demonstrated to the community the value of their previous planning. These projects, particularly the dock and the cold storage plant, served as physical evidence of success in the community's efforts to achieve economic development. They also provided the community with valuable experience in dealing with government agencies which proved useful in dealing with other agencies and achieving other community goals (housing, recreation, education, infrastructure).

As a result of the effort and successes of the past few years, the economic future of Metlakatla appears brighter than it did several years ago. At this point in time the setbacks of two very poor years of fishing and a projected third have had a negative effect on the morale of the community. However, the poor years have been somewhat mitigated by the development of the timber resource, and the addition of the cold storage plant is expected to lessen the effect of the expected poor 1971 fishing season. While times are hard for the moment, the economic development efforts attributable to EDA have lessened the magnitude of the problem, and the future contribution of these projects is potentially very great.

The leadership of the Metlakatla Indian Community is understandably grateful for the economic aid which EDA has offered. Their gratitude is mitigated only by the problem of the additional $125,000 expended by the community to cover the cost of the cold storage plant in excess of the EDA approved funds. The Council approved this expenditure unaware of EDA procedures which allow for reconsideration of project costs within 30 days of approval in the case of low construction bids exceeding approved cost.

The industrial development consultant for the community felt that the EDA application procedure was long and involved but understood the need for it being so. He did not mind this so much, but felt that an accelerated procedure should be available. For example, when a grant or other form of assistance is available for a specified period of time and is dependent upon approval of a related project application to EDA, such an accelerated procedure is needed.

3. Recommendations

Factors impeding economic development on Annette Island are formidable. The community is isolated from large population centers, to which it has no overland connections. It has an excessively rainy climate. The high cost of living requires charges for local labor greater than for most metropolitan areas in the continental United States. The community's total population numbers only about 1,100, and thus the available labor force is limited.

Annette Island has exploitable resources in fish and timber, but little else upon which to build a stable economy. The Island has a recreational potential but this is severely mitigated by its remote location, competing recreational opportunities in the surrounding Tongass National Forest, and the expense of traveling to the Island compared to that of traveling to other recreational areas in the United States and Canada.

It is with these natural drawbacks that the community on Annette Island attempts to develop a stable, viable economy. Its attraction to nonresource-based, or "footloose", industry is practically nonexistent. Efforts to develop must focus on what the Island does have to offer: fish, timber, and possibly minerals. Within these constraints, however, there are logical steps which can be taken to foster the development of the economy on Annette Island.

The next logical step in the development of the timber resource of Annette Island appears to be a shingle and shake mill. Past attempts to develop such an operation on a large scale have not reached fruition. However, there is presently an opportunity to develop a mill on a small scale. This opportunity is being pursued. A shingle and shake mill would offer additional employment and further diversify the economy. The mill would involve local people in producing a finished product, whereas Alaska Prince Timber Corporation produces only rough lumber. While Shakertown, an Oregon firm which has expressed serious interest in establishing and operating a shingle and shake mill, has dropped from the picture for the moment, there is the possibility of renewed interest on the part of the firm, especially if the smaller operation can be proved viable.

A major step with respect to fishing would be the development of fish hatcheries. A major economic problem to the community of Metlakatla is the irregularity of fishing seasons. Hatcheries can help assure a more even flow of fish. Private sources have expressed interest in developing a hatchery at Metlakatla. Also, EDA-funded experimentation in Puget Sound may offer great promise for growing fish in nets. Development of a hatchery is a recognized need of the community and one which is being pursued.

A third potential resource of Annette Island is minerals. Prospecting permits can be obtained, but this resource is not being pursued in any coordinated fashion. The community is aware of this potential but does not seem to consider it a high priority item. Little concerted effort has been expended toward mineral development.

The impending move of the commercial airfield to Revillagigedo Island represents both an economic loss and an opportunity. A number of jobs will be lost, as will other community revenue. However, the community will be left with a first-rate field with jet aircraft capability. This could be used in any future direct air shipment of frozen fish to prime markets in the coterminous United States, a potential of which the community is aware. The field is also a possible drawing card for air-oriented industry. Suggestions as to its use have included pilot training and a repair and maintenance facility for major carriers. The community, while aware of the forthcoming move of commercial service, has not as yet attacked the problem in any concerted manner.

One problem within the community of Metlakatla which is not fully recognized is that of economic philosophy. Major economic components are community-owned and controlled. The cannery, the utilities operations, and all land on Annette Island are held communally. Land has been traditionally used by individuals by permit of the Council. No land on the Island is privately-owned. (Recently, a lease arrangement was worked out for residential lots which would allow commercial financing by private money lenders. In the event of default, the land and responsibility for the loan reverts to the Council.) A local law states that no individual may have more than one home and one business. There is a faction in Metlakatla which is development-minded in the traditional individual entrepreneurship mold. They find the quantitative and qualitative land use limitations antiquated and desire changes to allow for private initiative. Other segments of the community seek development more in the communal sense with developments remaining community-owned and controlled. This conflict is particularly evident in housing, where several local individuals desire to construct housing for lease purposes and private gain. Others reject these attempts to "real estatize" the Island. A few successful businessmen in Metlakatla wish to start other business ventures but cannot do so under existing law. The economy of the community is presently partially entrepreneurial and partially communal. As it develops further, it will have to meet pressures from conflicting groups in the community which desire change toward both poles.

A problem which is acknowledged by most individuals in Metlakatla, although not on an official level, is drinking and alcoholism. The community was founded with temperance as one of its basic premises. Accordingly, the sale and use of liquor on Annette Island is prohibited. Expenditures for alcohol, therefore, take place in nearby Ketchikan and represent an economic drain on the community. It is likely that other purchases which might be made locally also go to Ketchikan on these trips. A younger, less religiously-oriented segment of the community feels that alcohol should be legalized, both to remove the "forbidden fruit" nature of drinking and to keep whatever alcohol expenditures are made in the local economy. Older, more traditional community members stick to the prohibition philosophy.

Based on the above constraints and opportunities, it is recommended that the Metlakatla Indian Community consider the following actions:

1. Continue to concentrate on resource-oriented development: further investigate the possibility of fish hatcheries, preferably in conjunction with the remainder of the southeastern Alaska fishing community; determine the economic feasibility of a shingle and shake mill and, if such a venture is feasible, locate the financing and managerial skill for development; determine the value of minerals on the Island for extractive operations.

2. Recognize the philosophical differences within the community with regard to communal versus entrepreneurial emphasis in development, and establish a workable policy for reconciling these differences.

3. Determine the possibilities for utilization of the airfield and formulate plans for its utilization which can be effectuated when control of the field reverts back to the community.

B. SETTING AND BACKGROUND

1. Location

The Annette Island Reservation includes the entire island of Annette, Alaska. The island is ten miles wide, 18 miles long, and has a total area of 86,000 acres. The island is generally level around the area of Metlakatla, the principal population center, and in the vicinity of the Annette Island Airport seven miles south. The rest of the island is mountainous and is largely covered with timber.

Metlakatla is the only incorporated municipality on the island. Its population is 1,100, 959 natives and 141 non-community members. Metlakatla is 15 nautical miles from Ketchikan, Alaska's fourth largest urban area. There are about 850 residents on the island in addition to the population of Metlakatla. They are, for the most part, connected with a United States Coast Guard Station.

Metlakatla and Annette Island are served by two major airlines and a number of air charter services. Annette Island International Airport handles the largest commercial jets. Metlakatla is one hour and 15 minutes flight from Seattle by direct jet, and just 15 minutes by air shuttle from Ketchikan. There is an expensive but available commuter shuttle service between Ketchikan and Annette. Sea transportation to Annette Island is provided by the Alaska Steamship Company, a major Seattle/Alaska shipping concern. The island is also serviced by several major barge firms.

The climate of the area is mild, but wet, with an average yearly temperature of 46 degrees and an average annual rainfall of 120 inches.

2. History

The Metlakatla Indian Community was founded in 1887 when Reverend William Duncan, a Church of England missionary, persuaded a group of Tsimpshean Indians to move from their ancestral home in British Columbia to Annette Island. The establishment of the community was based on the conversion of the Indian population to the Christianity of Reverend Duncan, who forcefully preached the tenets of his faith -- democracy, temperance, education and industriousness. The island was granted to the community by the U. S. Congress in 1891, and was opened to all native peoples who would subscribe to Duncan's tenets. A number of Haida, Thlinget and other Indians joined the community, but the majority remained Tsimpshean.

The spiritual and community leadership of Reverend Duncan was strong, and eventually, to some, uncompromising and overbearing. A splinter group emerged, and a second church was established in the community. The rivalry between these two groups, bitter at times, remains a strong but diminishing factor in the affairs of the community today.

The Tsimpsheans reside principally in the village of Metlakatla, but the Annette Island Reserve belongs to the Indians in its entirety: the use of these lands is under the control of the Metlakatla Indian Community Council. Along with the land grant of 1891, the U. S. Congress also granted U. S. citizenship to the residents, as well as certain fishing rights.

3. Resources and Economy

Historically, salmon fishing and processing have been the principal economic mainstays of the community. A successful and profitable salmon cannery, the Annette Island Canning Company, has been operated by the community since 1921. However, the activities of the cannery are seasonal. During the months from July to September, when the cannery is fully operational, over 250 men and women from the community of Metlakatla are employed.

The residents of Metlakatla own and operate about 20 well-equipped seine-type fishing vessels which will employ about 175 crew members. Metlakatlans also own and operate four fish traps under special authority granted by the Federal Government. The fish trap is the most efficient and economic means of catching salmon, and the use of this device is an asset of considerable economic importance to Metlakatla.

A unique aspect of the fishing operation on Annette Island is that the community, and individuals in the community, own and operate both the fishing fleet, which efficiently harvests the salmon resource, and the modern canning facility, which processes it into a valuable commercial product for sale throughout the country. A growing industry processing salmon roe is now sold in quantity for export to Japan. The vessels of the Metlakatla fishing fleet also range widely and fish for halibut during the early season. The possibility of establishing a fish hatchery on the island is still being pursued with the Bureau of Commercial Fisheries, and the prospects of developing other ocean products is being explored with several interested firms.

Until recently, the only other main source of employment had been a few jobs in retail trade and municipal services in Metlakatla. Some employment is generated by the International Airport seven miles from the village of Metlakatla. The Federal agencies operating on the island (U. S. Coast Guard, Weather Bureau, defense installations) provide other employment opportunities.

The airport was constructed before World War II. It is now the major commercial field for the Ketchikan area and is administered by the Federal Aviation Administration (FAA). Pan American Airways once operated from the field, but closed its facility in 1965, with a loss of 22 jobs to the community. Western Airlines still operates from the field and Alaska Airlines operates a shuttle service to Ketchikan. However, a new commercial field is presently under construction near Ketchikan which will replace the Annette field as the principal commercial field for the area. This will result in the loss of about 15 jobs with Western Airlines. An additional five to ten jobs, with the FAA and from airport concessions, will also be lost.

Timber and minerals represent the other two main resources of Annette Island. Over one-third of Annette Island is covered with commercial quality timber. The major species are western hemlock and Sitka spruce, with substantial quantities of red and yellow cedar. Total timber resources exceed 900,000,000 board feet.

Diversification of the economic base of the community by tapping the timber resource has begun in the last few years. This was largely made possible by an EDA-financed docking facility for large ships, and a new sawmill which has been in operation since May of 1969. The sawmill is employing a crew of 25 men, of which 20 are local residents, and is capable of processing 15,000-20,000 board feet per year. As the logging program develops, it is hoped that approximately 40 men will be employed for at least ten months of the year. Currently, 12 local residents are employed in logging jobs.

The island's minerals have been surveyed and prospecting permits are available. However, no specific program of mineral development has been initiated to date.

Outdoor recreation is one of the outstanding resources of the State of Alaska. Annette Island offers diverse hunting and fishing opportunities. In particular, it is known for fine fresh water and salt water sport fishing, including fishing for cutthroat and King salmon. The forests of Annette contain a large population of Sitka black-tail deer, known to provide some of the most satisfying hunting in Alaska. Also available is a wide variety of game birds and waterfowl.

Planning has been completed for tourism-recreation development of two inland lakes and eight picnic sites. The estimated cost for this project is $51,000, and includes site preparation and facility development at Skaters Lake and Trout Lake, plus improvements at eight picnic sites.

The Metlakatla Indian Community has made noticeable progress in its economic development in the past several years. This progress is visible in the diversification of the economy into timber, and the broadened fishing activities made possible by the EDA-financed cold storage plant (which will allow for a longer fishing season and a more diversified fish crop). It is evident that the ability of the community to undertake development projects has increased in the past five years, not insignificantly since the date of preparation of the Overall Economic Development Program.

There have been several economic setbacks, however, principally the upcoming loss of the commercial airfield and two consecutive years of poor fishing. The cannery, which finances all municipal and community endeavors at the local level, has made an average of about $250,000 a year for the community and has produced over $1,000,000 in income in the best years. The 1969 and 1970 seasons, however, produced losses totaling about $300,000. Furthermore, 1971 is projected to be another bad year producing further losses.

The labor force of the Annette Island Reserve consists of 280 persons (200 men and 80 women). Students augment this total during the summer, and work as fishermen and in the cannery during the fishing season. A recent survey showed that of the available labor force, 18.5 percent were unemployed. Of those employed, 61 percent worked nine or more months of the year, and 39 percent less than nine months. Metlakatlans willingly learn new skills and abilities. A substantial number have completed training courses for welders, mechanics and electronic technicians.

A survey of 56 families indicated a family income range from under $1,500 to $12,000 a year. The median annual family income was about $7,000. However, it should be noted with respect to all dollar figures in this report that Ketchikan, and by extension Metlakatla, has a cost of living about 24 percent higher than that of Seattle, the nearest large city in the United States.

Metlakatla does not have an elaborate goods and services sector. There is one small supermarket and several grocery and/or general type stores. The village also has a hardware store which carries a minimal line of appliances. There is one restaurant, one gas and service station, a combination pool hall/soda fountain, a U. S. Post Office, and a branch of the National Bank of Alaska. A motel at the airport was partially destroyed by fire and repaired as an apartment building. In the off season, the "Philippino Bunk House," constructed to house Philippinos brought in to supplement the local labor force in the summer, is used as a hotel facility and run by the cannery. The local service sector is thus sufficient to meet the day-to-day needs of the residents of Metlakatla, but is inadequate for the purchase of durable goods. Such purchases are generally made in Ketchikan.

4. Tribal Government

The Metlakatla Indian Community is organized under the Indian Reorganization Act and is incorporated under a Federally-approved charter. The governing body is a popularly-elected 15-man City Council, which exercises jurisdiction over all municipal services and facilities, welfare programs, distribution of tribal monies, operation of tribal enterprises, and the maintenance of public services. The elected Mayor is the chief administrator and executive officer of the community. Thus, there is a centralization of decision-making which permits government to operate effectively and to react quickly to new situations as they arise. There are also an elected Secretary, Treasurer and Acting Mayor.

The City Council controls land utilization within the muncipality of Metlakatla, and has adopted a master plan for community development The Metlakatla City Council has also assumed various other roles, including that of being the Annette Island Reserve Redevelopment Organization, the Metlakatla Community Action Committee, and the Planning Commission.

5. Community Development

The Metlakatla Community was one of the initial 15 reservations under the OEO-EDA Selected Indian Reservation Program. The Community Action Program has been funded by OEO directly through its Washington Indian Desk; funds have been provided for a CAP administrative director, a local industrial consultant, and a full-time secretary. The agency has also funded Summer Head Start and Summer Youth Programs, the Neighborhood Youth Corps, as well as a $3,000 grant for crafts development. The Metlakatla Community received from OEO an Incentive Grant of $50,000 for its home and land program; approximately 15 homes were repaired and painted under this grant.

Six members of the Metlakatla Indian Community Council are selected to form the Community Action Committee. The purpose of this Committee is to significantly and meaningfully involve the poor in developing and carrying out antipoverty programs, as well as to plan and evaluate both long and short range strategies to overcome poverty in the community. This Committee makes recommendations to the Council, which then works with the administrative staff of OEO on any recommendations and follow-up required.

Metlakatla has expanded its contacts with State, Federal and private agencies in efforts to obtain additional services, advice and cooperation in local economic development activities. A HUD 701 community planning program was financed for $27,000 through the Alaska State Housing Authority. Five members of the Community Council serve as the Planning Commission to supply the 701 planner with information concerning the community's wants and needs, both current and future. The housing in the Metlakatla Community has been improved by the addition of 30 houses under a HUD-BIA self-help program. The Metlakatla Housing Authority had originally applied for over 50 middle-income homes under the HUD Turnkey program, but has been notified that there will be only 30 homes available in the very near future. Approximately 70 lots have been sold to members of the community, who are now awaiting the Turnkey housing program for middle-income families, as well as assistance from the U. S. Public Health Service on the water system. Final approval from HUD has thus far been given for 25 units of Turnkey III housing.

In 1968, the U. S. Corps of Engineers authorized a planning grant for a new community small boat harbor. Construction was approved in 1971, and $1,200,000 was authorized for this purpose.

Several miles of streets and roads have been built on Annette Island by the BIA, with most work completed in 196[illegible]. A BIA/State welfare program was initiated in the community in 1970. This program is administered by the CAP office, and required participants to work on community projects. In 1971, a $2,000 grant was approved by the BIA for the purpose of playground development. The BIA has provided a $150,000 loan to the community for the purpose of acquiring additional fishing boats to supply the new cold storage plant. The BIA also offers on-the-job training monies to prospective industries.

Two loans have been approved by the Small Business Administration for Metlakatlans within the past year. A third loan is currently being processed.

6. The OEDP

EDA's involvement with the Metlakatla Indian Community dates back to the preparation of the Overall Economic Development Program in 1965. The OEDP is dated January 6, 1966. The 15 members of the City Council served as the Annette Island Reserve Redevelopment Organization which prepared and assumed responsibility for the implementation of the program.

The OEDP recognized the need for diversification of the community's economic base. It called for: further development of the fish resource to lengthen the fishing season and diversify the fishing crop; the development of the timber resources of the island; the development of recreational potential; and industrial development.

The projects subsequently approved by EDA were all highlighted in the OEDP.

C. PROJECT ANALYSES

The following EDA projects have been funded (or are under consideration) on Annette Island:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
PUBLIC WORKS PROJECTS				
Docking Facility	07-1-00234	1966	$228,000	$154,000
Loading Ramp	07-1-00529	1968	43,200	10,800
Cold Storage Facility	07-1-00620	1969	488,000	97,000
Water System Improvements	07-1-00664	1970	480,000	120,000
Indoor Recreation Complex	*	pending	(90,000)	(65,000)
TOTAL APPROVED			$1,239,200	$381,800

*Under Consideration

A detailed project-by-project discussion and analysis follows.

1. Docking Facility (PW), Project No. 07-1-00234, 1966

This public works project involved the construction of a docking and mooring facility in Metlakatla capable of handling large ocean-going vessels of up to 500 feet in the 10-15 ton class. This project provided the community with a necessary input to the development of the island's timber resources. Without the facility, there was no way to export logs, lumber and wood products. EDA approved a direct grant of $221,000 (50 percent of project cost), a supplemental grant of $44,000 (10 percent), and a loan of $177,000 (40 percent) for a total of $442,000 to finance this project. The project was approved in October 1966 and completed in 1968, with an actual project cost of $382,000. Hence, the actual EDA grant and loan were reduced proportionally to $228,000 (60 percent of total) and $154,000 (40 percent of total) respectively. Physically the project consisted of a pier or docking facility (60 feet x 400 feet), an approach trestle (240 feet), and an access road (300 feet).

The need for a docking facility was critical given the determination of the community to diversify its economic base through utilization of its timber resources. Diminishing salmon catches in the years preceeding the OEDP emphasized the need for diversification. A BIA survey of the timber resources of Annette Island in 1965 (concurrent with the preparation of the OEDP) and the OEDP itself called for diversification through development of this resource.

One-third of Annette Island is covered with commercial quality timber. The major species are western hemlock and Sitka spruce, with substantial quantities of red and yellow cedar. Professional evaluation of the timber indicated that it was mature and of good quality. Total timber resources on the island exceed 900,000,000 board feet, with additional allotments possible from the nearby Tongass National Forest.

After contacts with several firms, the Council of Metlakatla entered into an agreement with Fujii Company, Incorporated. Fujii was an importer and exporter of forest products with offices in Seattle, Tokyo and Osaka, Japan. The company agreed to lease a sawmill which was owned by the community, reconstruct and repair it (at an estimated cost of $200,000) so as to have a capacity to produce 12,000,000 board feet of lumber annually. Fujii also planned to forest 9,000 board feet of cedar to supply a shake and shingle mill they planned to build and operate. It was estimated at the time that the establishment of the sawmill and the construction of a shingle mill would produce 114 positions and generate $350,000 in income, excluding logging and loading operations. Essential to the operation, however, was a docking facility from which logs, wood and lumber products could be loaded onto large ocean-going vessels. This, then, was the impetus for the application to EDA for financing for the facility.

In September, 1967, the sawmill which was being renovated was lost to fire. A new sawmill was constructed with a capacity of 20,000,000 board feet per year. This delayed the start of the timber operation, as the new mill was not ready until early 1969. Further complications arose when Fujii ran into corporate-wide management and financial difficulties. Fujii then combined with two other Japanese firms to form the Alaska Prince Timber Corporation in July 1968. Timber operations finally began in April 1969.

The processing of logs through the sawmill is the middle step in what is basically a three step operation. Before logs can be processed they obviously must be harvested. At the beginning, Alaska Prince attempted to run the logging operation itself. They failed at this and the logging operation was turned over to W. L. Wisner Logging Company. Wisner was an experienced logging camp operator. He ran the logging operation in 1969 and 1970, but then went bankrupt. After a winter shutdown, Alaska Prince plans to assume the logging function of the timber operation in 1971.

The third step in the logging operation is the loading of the ships to take the logs and semi-finished wood products to Japan. This operation is handled by the Southeast Stevedoring Corporation, under contract to Alaska Prince. Southeast Stevedoring is a 20-year old firm operating in nearby Ketchikan. Southeast provides a foreman and limited personnel for high-skill loading operations and hires local members of the community to load the ships. This arrangement appears to function smoothly.

The number of employees involved in each operation is: 24 for logging (about half of whom are local); about 25 for processing (all but four or five of whom are local); and about 40 for loading (all but a couple of whom are local). Logging, which to date has included some road building, and processing are 9-12 month operations. Loading is only necessary when ships arrive from Japan. For each arrival, the 40 longshoremen put in about eight 10-hour days. There were four arrivals in 1969, six in 1970 and eight are expected in 1971. Some of the loaders in fact are employed full time in the cannery, and take leave during these periodic loading periods for the higher paying loading work (almost $6/hour).

The following two tables present the total annual payrolls generated by the timber industry on Annette Island and the income received by local community members:

Total Payrolls in Timber Industry

	Logging	Processing	Loading	Total
1969	$250,000	$350,000	$110,000	$710,000
1970	250,000	360,000	150,000	760,000
1971(expected)	400,000	360,000	200,000	960,000

Share of Total Received by Community Members

	(50%) Logging	(75%) Processing	(95%) Loading	(69%) Total
1969	$125,00[illegible]	$262,500	$104,500	$492,000
1970	125,000	270,000	142,500	537,500
1971(expected)	200,000	270,000	190,000	660,000

Additionally, in 1970, the community received $110,000 in stumpage fees from Alaska Prince.

To repay the loan to EDA, the Port of Metlakatla was established as a separate accounting entity. From May 1968 to March 1969, the Port, after all expenses and repayment of the loan, made $3,500. From March 1969 to March 1970, the Port of Metlakatla showed a loss of $8,900. The dock employs a full-time harbormaster and dock manager. The payroll for the dock itself is roughly $11,000 per year.

Capital investments in the timber industry, and creditable to the EDA dock project, include $2,000,000 by Alaska Prince Timber Corporation. Additionally, W. W. Wisner claimed in 1970 to have over $600,000 in road building and logging equipment on Annette Island. Also attributable to the dock is a small warehouse to house longshoring equipment, built on the dock with $5,000 of community funds.

Agreement was reached between the community and Alaska Prince for an on-the-job training program under the auspices of the Alaska Federation of Natives. This program did train a number of local residents for jobs at the sawmill. The key positions, however, are still held by non-members of the community. Agreement with Alaska Prince included specifications as to the proportion of the employees of the mill which were to be local people. It did not spell out the positions they were to hold. It is likely that future agreements of this nature with outside firms will include specifications as to the nature of the positions to be held by local employees as well as the proportionate number.

The large scale shake and shingle operation proposed by Fujii never materialized because of the difficulties of the company. A recent effort at establishing a 12-saw operation also failed. However, there is presently the possibility of a small scale plant. A prospect exists for the transport of a small (2-saw) mill from Oregon which would employ 6 persons. The entrepreneur (not a member of community) is searching for sufficient capital to buy and transport the appropriate equipment. Interest in a shake and shingle plant remains in the community.

2. Loading Ramp (PW), Project No. 07-1-00529, 1968

This public works project added a "roll-on, roll-off" ramp to the EDA-financed dock discussed above. The ramp was originally envisioned as part of the dock project, but fears of excessive cost led to its deletion. When it became evident that the dock would be built for considerably less than the approved allocation, a request was made to use the remaining funds for the ramp. EDA, however, judged that the ramp sufficiently changed the nature of the dock project to require a new and separate application.

This project was processed, approved and constructed in 1968. The procedure was somewhat rushed so as to allow the dock construction company to construct the ramp without having to disassemble and reassemble its crews and equipment. EDA financing for the project included a $43,200 grant (80 percent of total cost) and a $10,800 loan (20 percent).

The ramp permits direct delivery and shipment of small volume cargoes by a recently developed barge-tug-container method, thereby eliminating much of the cost of lighterage, storage and trans-shipment at Ketchikan. The barge container method will allow Annette Island and the many other small communities in the Alaskan panhandle to have more frequent and lower cost bulk movements to and from market areas in the coterminous 48 states.

Since completion of the ramp, regular commercial barge service to Metlakatla has been instituted, and a barge visits the community every second week year round. The "roll-on, roll-off" ramp has been a great convenience for commercial and special-purpose barge landings at Metlakatla. It serves the cannery, the timber operation, the Coast Guard, the Federal Aviation Administration, and in general allows for easier loading and unloading of cargo. However, because none of these operations is dependent on the ramp for its existence, and none would have left the community nor diminished its scale of operation were it not for the ramp, no job impact can be credited to this project.

Credit can be given, however, for somewhat lowering of prices of consumer goods (principally food). This is due to the regular barge service to Metlakatla, which precludes the necessity of trans-shipment of goods from Ketchikan. Similarly, shipments from the community need not now be moved to Ketchikan for shipment. Insufficient data was available to permit the quantification of these savings. However, the major impact is not in the dollars saved, but rather in the improved service afforded the community.

3. Cold Storage Facility (PW), Project No. 07-1-00620, 1969

This public works project involved the construction of a long-needed cold storage and fish processing plant adjacent to the cannery in Metlakatla. This facility, to be used for the first time during the 1971 season, enables a longer fishing season, a more diversified fish crop, and higher prices for frozen fish and fish fillets (as opposed to canned fish). Previously, the fishermen at Metlakatla had made use of a cold storage facility at Ketchikan at a cost of about $7,000 per year. The plant will also freeze and ship fish offal (a pet food base), which had been wasted and a contributant to water pollution. This will turn an environmental detriment into an economic gain.

This project had a total projected cost of $610,000. Financing included a grant from EDA for $488,000 (80 percent of project cost) and a loan of $97,000 (16 percent). Local funds provided the remaining $25,000 (four percent) toward the projected construction cost of this facility. The project was approved in 1969. However, the lowest bid for construction of this plant was $125,000 over the projected $610,000. The additional cost was born by the community by diverting funds from other sources. (This is further discussed below.)

The project included a 48 foot x 225 foot structure, containing a 13 foot x 57 foot cooler and quick freeze, a 40 foot x 45 foot freezer storage, and initial equipment for a 60,000-pound daily processing capacity. The total facility could ultimately handle up to 550,000 pounds of seafood products in storage.

A cold storage plant has been an acknowledged community need for many years. It was a specified high priority item in the 1966 OEDP. Numerous such plants have been established in the Alaska panhandle in recent years in order to tap large markets for fresh fish. Frozen whole fish or fillets bring a substantially higher price on the market than canned fish. Also, fish which cannot be canned can be frozen. Therefore, the advent of a cold storage facility broadens the diversity of marketable marine life which can be profitably harvested in the waters around Annette Island.

Without the cold storage plant, the community was limited to a brief summer season of fishing and processing. It was also limited to salmon, which can be canned. The freezer and cold storage capacity will permit the holding of fish to be processed in the off-season, such as kippered or smoked salmon, and thereby extend employment. It will also permit the fishing fleet to pursue other types of fish such as halibut, shrimp, bottomfish, troll-caught salmon and sport fish. Halibut has an earlier season than salmon, beginning in May rather than July. Also, the salmon season can be extended into the fall. There are insufficient fall catches to warrant keeping the cannery open. However, with the cold storage plant operating, fall catches, even if very small, can be frozen for shipment or later processing. Also, fish offal (waste after processing) has a market potential as a pet food base. To date, offal has been dumped at sea thereby creating a pollution problem, and the possibility of legal cease-and-desist action against the cannery. The cold storage plant permits the bagging and freezing of fish offal thereby turning an environmental pollutant into a marketable product.

Three levels of operation are possible at the new cold storage plant. At the minimum level the facility will be used to freeze salmon and fish offal. At this level of operation, ten persons are projected to run the plant: a manager, an operating engineer, two fork lift drivers, two grinders and sackers, and four persons in freezing, palletizing and miscellaneous chores. When the plant is used to freeze fish as well, an additional six persons would be required, bringing the employment level to 16. When the plant is also used for fish filleting and shrimp processing, the total number of employees would increase further to approximately 22.

The manager of the cannery estimates that the cold storage plant will operate from May to October in 1971 and employ about 15 persons for that period. The payroll of the plant will vary with the level of operation, but can be estimated at roughly $70,000 in annual income.

Also attributable to the cold storage plant is the increase in jobs and income to fishermen. The advent of the plant allows the extension of the fishing season to six months (1971) and eventually nine months when the community begins shrimp harvesting. Annual increased income to local fishermen has been estimated at $150,000.

The advantage of the cold storage facility to the community of Metlakatla will be felt immediately with the six-month season projected for 1971. This is expected to have a mitigating effect on what is otherwise expected to be a poor year. As the community takes advantage of the new opportunities in shrimp and direct air shipment of frozen fish fillets, the impact of the plant will be even greater. Not only does the plant increase employment and income directly, but because the Annette Island Canning Company, which owns the cannery and the cold storage plant, is community-owned, the increased profit to the company represents increased wealth to the community. Profits are used to finance the municipal government. Metlakatlans pay no taxes. In fact, the local government has no taxing authority. Thus profits from the canning operation and the new freezing operation are a principal source of community funds for local projects. In good years at the cannery, fishermen and cannery workers have been awarded Christmas bonuses. This practice can be expected to continue and be extended to include freezer-related workers.

With regard to the underestimation of the total project cost, and the subsequent requirement for an additional $125,000 in local funds, the community feels that it has been dealt with unfairly. EDA has a regulation that pertains to cases such as this. It states that when a low bid is over the approved cost, the applicant has 30 days in which to request additional money, which may be approved at the same grant/loan/local contribution ratio as was the original allocation. The community did not learn of this provision until after the 30-day period had expired. The EDA project manager in the Seattle Regional Office was unaware of this additional $125,000 expenditure on the part of the local community until questioned with respect to this evaluation. His check with the construction management personnel verified the story and the amount. It was their contention the EDA procedures call for any overruns to be born by the applicant if at all possible; and that because the applicant had authorized the $125,000 expenditure, EDA had no responsibility to increase the amount of the grants and loan. It is the contention of the project manager that the low estimate of construction cost upon which the funds were approved was the cause of the problem. This estimate was not the responsibility of the applicant, and to term the differential between the low bid and the approved funding level a "cost overrun" was not accurate. The project manager felt that the EDA provision for a 30-day adjustment period was far more applicable to the situation than the provision dealing with cost overruns. He also felt that the applicant has every right to know of and take advantage of the 30-day adjustment procedure.

Given two disastrous fishing seasons back-to-back and a third expected in 1971, the $125,000 expenditure proved particularly untimely. As indicated above, the community government is financed by the profits from the cannery, and the cannery produced $300,000 in losses in 1969 and 1970 and is expecting another loss in 1971. (They have decided to operate this year against the recommendations of the cannery manager principally to qualify local residents for unemployment benefits.) Following several good years (1966 was the best year in the cannery's history with a $1.2 million profit), the $125,000 might have seemed expendable in 1969. In retrospect, it was not. In general, community leaders have been pleased with EDA and its assistance. However, they were not pleased with EDA's handling of this problem.

4. Water System Improvements (PW), Project No. 07-1-00664, 1970

This public works project was designed to improve the water system of Metlakatla in order to provide the community with a modern water storage, transmission, and distribution system to meet domestic needs and the requirements of a growing industrial base. A principle justification of the project was the need of the community for adequate fire protection. The local high school was completely destroyed by fire in 1970 and fire insurance rates in the community were very high. The total project cost of $600,000 includes an EDA grant of $480,000 (80 percent of project cost) and an EDA loan of $120,000 (20 percent). The project was approved in 1970 and bids for construction will be solicited in the spring of 1971. Completion is currently scheduled for 1972.

The need for adequate fire protection, both to insure the safety of the existing community and attract new industry to Metlakatla, has long been recognized by the community. Meeting this need is a stated priority in the 1966 OEDP. Complementing this project, the community has constructed a new fire station with community funds and is beginning the training of local residents in fire-fighting techniques. Equipment is still antiquated and inadequate, but the need to upgrade this apparatus is recognized.

Although Metlakatla has an adequate supply of water for its needs, its existing water system is of an antiquated wood stave design and not sufficiently dependable for either normal use or fire protection. The threat of an insufficiently functioning water system in case of fire is reflected in the excessively high insurance rates levied against property in the community for fire coverage. The project is slated to replace 6,000 linear feet of wood stave pipeline with new 12-foot diameter pipe, 2,700 linear feet of steel pipeline with new 8-foot diameter pipe, and 5,600 linear feet of the existing water distribution system with 8-foot diameter pipe, including fittings, gate valves, and hydrants.

The application for this project claims 224 existing jobs and 83 future jobs as "saved" by this project. These include jobs in the cannery, the cold storage plant, the dock, and the sawmill. The logic behind this claim is that these operations (fish and lumber processing) depend upon an adequate water system. By the same logic, some 200 jobs which supply these operations (fishing and logging) could be added. However, given EDA's traditional definition of "saved" jobs, it is not possible to credit this project (as the application does). It is virtually certain that the fishing and timber operations on Annette Island would continue even were no improvements to the water system made. It is perhaps credible to classify these jobs as "protected" or "insured", but not as "saved".

However, the potential of the community to draw some presently undeterminable number of new industrial jobs to the island is certainly augmented by the improved water system and the better fire protection it affords. The local cannery is anticipating a reduction in insurance premiums amounting to $1,300 annually, and could reduce the premiums substantially more if a sprinkler system were also installed at the facility. The timber operation, Alaska Prince, should also experience reduction in fire insurance premiums when the project is completed.

In order to pay back the loan on the project, the community plans to increase its water rates to both commercial and residential users.

5. Indoor Recreational Complex (PW), Under Consideration, Pending

A basically non-economic need in Metlakatla is recreational opportunities for the local residents. This is recognized in the 1966 OEDP document. The community will present to EDA an application which is presently being prepared for a commercial and recreational complex. This is an eligible project under the guidelines established by the EDA Indian Desk.

The impetus for this project was an offer by the Elks Club of Ketchikan of four bowling lanes, gutter systems, and related miscellaneous equipment. The project calls for a $155,000 investment by EDA, including a $90,000 grant (50 percent of total cost) and a $65,000 loan (36 percent), with the community making an in-kind contribution of the bowling alleys which have a value of $25,000, as appraised by the Borough of Ketchikan for tax purposes. The facility will be both commercial and recreational in nature. It will house a restaurant, a bowling alley-pool hall complex, and a room for arts-and-crafts activities.

In conjunction with this project, an agreement has been reached with the BIA: an existing structure will be moved adjacent to the proposed EDA-financed complex, and will serve as the community's Headstart Center. An $8,000 grant from the Alaska State Rural Development Fund has also been secured for an addition to the relocated structure. A $6,000 BIA grant has been arranged to clear the site.

While not strictly economic in nature, this project, if developed, will have job impact. Eight full-time jobs have been projected. More importantly, however, this project offers the community greatly needed recreational opportunities and a focal point for daily social contact which is totally absent in the community today. It also provides space for arts-and-crafts activities. This comes at a time when there is a renewed interest by the community in the Tsimpshean culture, abandoned with the adoption of Christianity, when the community of Metlakatla was established. A recent small OEO grant was used to send a few members of the community to British Columbia in an attempt to rediscover the artistic heritage of the Tsimpshean from remaining tribal members still in Canada.

RESERVATION REPORT

BLACKFEET, MONTANA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Blackfeet Indian Reservation is located in north-central Montana along the Canadian border and directly east of Glacier National Park. The 1.5 million acres of the Reservation are used primarily for agriculture and ranching purposes. These activities have been the mainstay of the Blackfeet economy since the demise of the buffalo in the late nineteenth century. Other economic activities include timber harvesting and processing, oil and gas leases, tourist-oriented business, and some industrial employment. The Reservation has a population of almost 9,000, some two-thirds of whom are Indians. The population center on the Reservation is the town of Browning.

Since its inception, EDA has had a continuing involvement with this Reservation. The Blackfeet were the recipients of one of the first EDA-funded industrial parks on an Indian reservation. Subsequent public works projects approved include street paving and improvements in Browning and a $1.8 million tourism/recreational complex (on which construction has yet to begin). A business loan was extended by EDA to a local lumber company to improve its physical plant. EDA has contributed funds to the Blackfeet Planning Program since 1967. Additionally, EDA has funded a study to determine the feasibility of a livestock sales center under the technical assistance program.

Although the income impact to date has been less than expected, the potential for economic growth is noticeably greater as a result of these EDA projects. Only one firm has located in the industrial park; but several promising prospects, including three Indian-owned ventures, have expressed serious interest in establishing operations there. The business loan extended on the Reservation assured the continuous operation of a local sawmill. A full-time professional staff funded under EDA's planning grant program has been instrumental in securing subsequent EDA assistance, business loans for local and outside entreprenuers, and has promoted industrial development with some vigor but limited success to date. The technical assistance grant to the tribe resulted in a feasible determination for a livestock sales center and this will be followed up with a request to EDA for funding for such a facility under the public works program.

2. Conclusions

EDA has funded a total of six distinct projects on the Blackfeet Reservation for a total of $2,263,555 in grants and $923,250 in loans. Total impact from these projects has been 13 jobs with an annual income generated of $79,000. However, about one-half of the grant money and two-thirds of the loan money has only recently been authorized for the tourist/recreation project and has clearly had no time to produce impact. The industrial park currently has several prospects which would generate $1.75 million in income if all materialized. The livestock sales center feasibility study has produced further action, but no impact to date. The staff of the planning program financed by an EDA planning grant has been instrumental in securing several Small Business Administration loans for local individuals. These SBA assisted ventures have generated job and income opportunities on the Reservation.

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The planning program has provided the tribe with staff able to devote the bulk of their time to economic development matters. This has had a positive effect as evidenced by subsequent EDA applications and funds flowing to the Blackfeet Reservation from other Government programs. Also, the tribal leadership is in far greater and more frequent contact with development matters and issues due to the planning program. They are more aware of their development problems, the possible solutions, and the impediments to progress on the reservation. Tribal planning, however, is carried on under several programs and staffs which are concerned with economic development. These efforts, while not fragmented, are not as well coordinated as they might be.

Prospects for the future are noticeably better than was the case several years ago. Virtually every development, both realized and potential, is in some way connected to an EDA project. With certainty of the tourist/recreation development, the probability of a livestock sales center, and the possibility of several new firms added to the industrial park, the next few years should see the fruits of EDA's contributions to the Blackfeet Reservation reach maturity.

The relationship between EDA and the Blackfeet seems quite good although the tribe is somewhat disturbed about numerous delays encountered with respect to the tourist/recreation project. They consider the State Economic Development Representative to be both capable and sympathetic to the Reservation's needs.

Several well recognized problems, however, remain as obstacles to the economic development of Browning and the Blackfeet Reservation. Despite efforts to improve the appearance and service economy of Browning, the town is still at a great disadvantage in terms of these factors, as well as those of location and climate, in the competition for industry. There is really little that can be done to put Browning in a competitive position vis-a-vis other locations to attract industry that is free to go anywhere. This is not to say that physical improvements to Browning would be to no avail in the quest for industrial development. Resource-oriented industry might find Browning more attractive were the town improved. Particularly critical is the almost complete unavailability of housing for immigrants to Browning. Housing efforts to date have involved government programs. The housing produced is available to only the Indian population (BIA programs) or low-income families.

The tribe itself seems reluctant to assume the entrepreneurial role in the development of industry, though less reluctant than it has been in the past. It is willing, however, to put up investment capital for industrial prospects, either locally or non-locally owned.

Agriculture and ranching remain the backbone of the tribal economy. Several developments offer promise of improving this sector. The proposed livestock sales center will modify the marketing procedure for livestock to the economic advantage of the Reservation ranchers. Feed-lots are a recognized need. The consolidation of ranching units into larger operations will improve the efficiency of operation, but at the expense of employment.

Proposed irrigation of additional lands, partially funded by the BIA, should have the effect of increasing the total agricultural yield on the Reservation.

The potential for tourist-oriented business activities will be met to a large degree with the completion of the EDA-assisted lodge-campgrounds complex at Lower St. Marys Lake.

3. Recommendations

Extensive efforts to attract industry to the Blackfeet Reservation have not produced commensurate results. The tribe has courted a variety of industrial prospects including many which were at best marginally suited to the Reservation. In search of industrial prospects, tribal representatives have attended, and expressed dissatisfaction with trade fairs and industrial shows. All of these efforts have proved expensive in terms of both dollars and manpower. There is a need for a more carefully delineated program which will limit the search for industry to those prospects which are appropriate to the Reservation and are reasonably realistic locatees.

The agricultural/ranching sector of the Blackfeet economy is certain to remain of primary importance. The development of a local livestock sales center is promising, although the tribe should probably reconsider the scale of the proposed facility which appears significantly larger than that suggested in the feasibility study. The possibilities for feed lots and the development of co-operatives deserve concerted attention.

The Lower St. Mary's complex, recently approved by EDA, should make a significant contribution toward the exploitation of the latent tourist potential resulting from the proximity of the Reservation to Glacier National Park. The tribe has an opportunity to further capitalize on the tourist market by focusing the tourist's attention on the Indian culture of the Reservation. The visitor is currently drawn by natural beauty and recreational opportunities. The development of facilities and programs which focus on the Native American heritage of the tribe offers the possibility of bringing additional tourists to an attraction which is unique to the Blackfeet tribe.

In light of the above, the following recommendations are presented for the consideration of the Blackfeet Indian Tribe:

1. Selectively continue attempts to attract industry concentrating on resource-based prospects appropriate to the Reservation.

2. Continue to promote and assist Indian-owned economic ventures; use tribal funds as a lever for securing government assistance and private investment capital in both Indian and non-Indian owned enterprises.

3. Rely on outside management on the Reservation when necessary, but encourage management training for Indian employees with possible Indian takeover of management within some reasonable time period; seek means of bringing middle-income housing to Browning in sufficient quantity to accommodate outside management personnel needed for industrial development.

4. Evaluate the various planning efforts within the tribal framework with the aim of promoting better co-ordination of effort.

5. Continue and intensify efforts to increase the productivity, efficiency and profitability of agriculture and ranching on the Reservation: pursue the livestock sales center, but at a scale which reasonably can be supported by the livestock available for sale, investigate the possibilities for feed lots, promote co-operatives and develop appropriate agricultural infrastruction (irrigation).

6. Concentrate on the development of the St. Mary's tourist/recreational complex to assure the expeditious implementation of this project; arrange for management and training of a local staff well in advance of completion. On this and other tourist-oriented ventures, accentuate to the tourist that he is visiting the home of the Blackfeet Indians who have a unique history and culture he may wish to study.

B. SETTING AND BACKGROUND

1. Location

The Blackfeet Indian Reservation is located in north-central Montana, occupying an area of about 1.5 million acres. The Reservation extends to the east about 50 miles from its western boundary with Glacier National Park and to the south about 50 miles from its northern boundary with Canada. It covers the bulk of Glacier County and part of Pondera County.

The population center and only incorporated city on the Reservation is Browning. The tribal headquarters, as well as the headquarters of the government agencies (Bureau of Indian Affairs and Public Health Service) serving the Indian population, are located here. Great Falls, the nearest large city, has a population of some 80,000 and is located 125 miles southeast of Browning.

US Highways 2 and 89 bisect the Blackfeet Reservation, US 2 east-to-west and US 89 south-to-north. A line of the Northern-Burlington Railroad parallels US 2 across the Reservation through Browning. Regular commercial air service is available through Great Falls. There are also several small landing strips on the Reservation.

The climate of the Blackfeet Reservation is characterized by low rainfall, great temperature extremes (from a record low of -56° to a high of 98°), and low relative humidity. The mean temperature is between 10° and 20° in January and rises into the 60's in July. The intense cold is mitigated by the low humidity and lack of strong winds. Annual rainfall varies from 10-20 inches per year, depending on location. From two-thirds to three-fourths of the precipitation falls from March to September.

2. History

The Indian population of the Blackfeet Reservation are direct descendants from the Southern Piegans, a division of the loosely knit Blackfeet Confederacy. In the early 1800's, the Blackfeet controlled an area which comprised the bulk of modern-day Montana and an area equally as large as adajcent Canada. They roamed the northern plains in search of buffalo, the mainstay of their existence, and until the middle of the nineteenth century were the dominant military force in the area.

Beginning in 1851, the United States Government established a series of increasingly smaller reservational areas for the members of the Blackfeet Tribe. Starting with the bulk of Montana, the tribal area was reduced to its present day proportions by 1888. The disappearance of the buffalo in the 1880's destroyed the economic base and the independence of the Blackfeet. Dire poverty ensued with the tribe trading parts of its remaining lands for government assistance in order to survive. In 1896, it ceded an additional strip of territory to the Government for what was later to become the eastern part of Glacier National Park.

Government attempts to impose an agricultural economy on the nomadic Piegans largely failed (the majority of farming currently done on the Reservation is through leases with non-Indians). Ranching, however, proved more in line with the temperament of the people, and cattle and horses have been a principal component of the Blackfeet economy throughout the twentieth century. Additional sources of income are timber and forest products and natural gas and crude oil deposits on the Reservation.

Today the population of the Blackfeet Reservation approaches 9,000, almost two-thirds of whom are tribal members. About 2,800 people live in or around Browning and 2,000 of these are Indians. Recent economic development efforts have concentrated on industrial development and tourism.

3. Resources and Economy

a. Resources

The principal natural resources on the Blackfeet Reservation are timber, agricultural and grazing lands, and mineral deposits.

Roughly 12.7 percent of the Reservation land is forested. Commerical timber covers four percent of the tribal land, the remaining 8.7 percent being of noncommercial quality. The majority of the commercial timber is lodgepole pine and spruce. There are also quantities of Alpine and Douglas fir.

The greatest portion of the Blackfeet Reservation is used for agricultural and ranching purposes. Some 685,000 acres are used for grazing, 125,000 acres for dry farming and 20,000 acres are irrigated. However, there are a potential 125,000 acres of land on the Reservation suitable for irrigation.

Oil and gas are the principal mineral deposits on the Reservation. Three fields are in operation, one entirely within the boundaries of the Reservation and two which extend beyond these boundaries. The three fields have a total of more than 1,600 operating wells and are important sources of tribal income. Locations of other deposits of oil and gas are known, but have not as yet been tapped.

A 12-square mile coal field exists on the Blackfeet Reservation with some 30-50 tons of bituminous coal. This limited coal deposit cannot be economically mined. However, the field could prove to be valuable if a local outlet, such as a coal-burning steam electric plant, were constructed in conjunction with the mining operation. Other minerals are known to exist on the Reservation, but they are either of too low a grade or insufficient in quantity to allow for profitable extraction. Metallurgical developments may reverse these feasibility determinations in time.

Another development resource is the Reservation's location adjacent to Glacier National Park which draws approximately one million tourists annually. The west section of the Reservation which abuts the park, is an area of great natural beauty and abounds in recreational opportunities. It is an area similar in nature to the park itself. All visitors to the park who either enter from or leave to the east must pass through the Reservation. There is the potential for economic gain, somewhat realized, from the large numbers of tourists passing through. There is a greater potential, however, for development adjacent to the park which would take advantage of overflows from Glacier National Park and also draw tourists in its own right by virtue of the natural beauty of and recreational opportunities in the mountains and lakes of the Reservation.

b. Economy

The mainstay of the economy of the Blackfeet Reservation is the land. Half of all employment and over half of all income on the Reservation comes from ranching and farming. Of the land-based income accruing to tribal members, half is in wages and salaries and half in property income principally derived from leases to non-Indians. Of the land dry farmed, 86 percent is farmed by non-Indians. Of the irrigated land, 66 percent is farmed by non-Indians.

Ranching activities are the largest user of Blackfeet land. Ranching is more consistent with the traditions and temperament of the tribe than farming and is principally an Indian-run enterprise. Three-quarters of the grazing lands are used for Indian-run ranching operations. Each year, some 20,000 cattle are sold off the Blackfeet Reservation.

Although agricultural activities are a large contributor to the economy of the Blackfeet Reservation, the full agricultural potential of the tribal lands is not exploited. A 1968 profile of the Blackfeet tribe observed that if the agricultural potential of the Reservation were realized, total value of products grown would increase by 144 percent.

Since 1968, some progress has been made in the land consolidation which is necessary for the development of larger and more efficient production units. Beginning efforts are being made toward the development of agricultural cooperative programs. In ranching, efforts are being made to organize cooperative feed-lots and to establish a livestock sales center on the Reservation.

Timber accounts for employment of about 80 men on the Reservation. About half of this employment is in a sawmill in Browning operated by U. S. Plywood and the other half is harvesting timber to supply the mill. The total income generated to individuals engaged in the timber industry is in the neighborhood of $600,000. Additionally, some $40,000 annual income accrues to the tribe from stumpage fees.

Mineral deposits offer no employment opportunities to tribal members. However, the extraction of oil and gas on tribal property does contribute some $400,000 annually to the tribe. Additionally, around $100,000 in mineral payments is received by individual tribal members.

A large employer on the Blackfeet Reservation is government. The Bureau of Indian Affairs, the Public Health Service, OEO Programs, the County of Glacier, the City of Browning, and the tribe itself employ about 300 persons, some 250 of these full-time. The income generated to these government employees is over $1.5 million annually.

Individually-owned commercial enterprises employ over 250 persons, but only 50 or so of these are full-time jobs. Employment from this component of the private sector produces individual income in the neighborhood of $500,000 per year. The goods and services sector of the Blackfeet Reservation is more than sufficient to meet the daily needs of the residents, but does not offer an elaborate or sophisticated selection of items. Of the 100-plus business establishments on the Reservation, many are oriented to the tourist trade of the summer months. Browning's ten service stations could not stay in business on the locally-generated volume. There are eight motels and four souvenir shops in Browning which by their very nature cater to nonlocals. The locally-oriented economy, however, does supply durable goods as well as daily commodities to the residents of the Reservation. Browning supports one automobile dealership and several repair and parts supply shops. Services available include personal grooming (one barber shop and one beauty shop), drug stores, laundry services, printing, and income tax assistance. A theater, a bowling alley and several bars offer the only commercial entertainment and recreational opportunities. Browning has its own bank which caters principally to the Reservation population. Of 113 businesses listed in a survey of Reservation businesses, only 30 are Indian-owned. Sixty-five are in Browning. The remainder are in East Glacier, Babb and St. Mary and are almost exclusively tourist-oriented. Some goods and services unavailable in Browning can be obtained in Cut Bank, a community of some 6,300, 35 miles to the east. More sophisticated and/or specialized needs are met by the service economy of Great Falls.

4. Tribal Government

In 1935, the year following the Indian Reorganization Act, the constitution of the Blackfeet Tribe was framed and ratified by the tribal members. This document provided for the establishment of a governing body which was granted the responsibility to manage and supervise all tribal property and affairs. This politically-organized body is elected by all enrolled members of the tribe and is known as the Blackfeet Tribal Business Council. The original constitution specified 13 members, but this was later reduced to nine. Council officers include a Chairman and Vice-Chairman, elected by the Council from among its members. The Council is a legislative body, but also has additional duties of administration and the adjudication of laws. These three functions all lying within the purview of one body has, according to a 1968 BIA report, lead to difficulties in governing.

The entire council faces election every two years. In the past several elections, some seven of the nine members, on the average, have not been reelected. This large turnover in leadership every other year has produced a lack of continuity in tribal efforts with respect to economic development and other issues. To ameliorate this problem of discontinuity in leadership, the next tribal election will include a referendum to stagger the terms of councilmen.

The tribal chairman is a man of national stature in the Indian community. He has been president of the Affiliated Tribes of the Northwest for several terms, and is presently the president of the National Congress of American Indians. He has been Chairman of the Tribal Council for six years and is one of the few council members to consistently win reelection. He is well thought of by those who work with him and their only criticism is that his extensive efforts beyond the Reservation limit the amount of time and effort remaining for tribal and Reservation matters.

5. Community Development

The Blackfeet Reservation has had an operating CAP program funded by OEO since 1965. For 1971, the program was funded by a $218,000 basic grant and $240,000 in program or project-specific grants. The total staff of the CAP effort is over 70 people. They are involved in community development, employment counseling, education, youth programs, and public health.

The Bureau of Indian Affairs has a full-time program development officer and funds various projects in the areas of economic and community development. Among the projects funded are (a) an Indian Business Development Fund, (b) an outdoor recreation development effort, (c) reforestation, (d) irrigation, (e) housing improvements, (f) road construction, (g) welfare assistance, and (h) a tribal work experience project.

The Public Health Service operates a hospital in Browning to see to the medical and dental needs of the Blackfeet Indians. The hospital employs six doctors and appropriate supportive staff. Medical facilities are not available on the Reservation for non-Indian residents. The medical and dental needs of these people must be met in either Cut Bank or Great Falls.

In recent years 50 low-rent and 27 mutual-help housing units have been constructed on the Blackfeet Reservation. An additional 55 low-rent and 10 mutual-help units are near completion. Over 100 more mutual-help housing units are planned for the next few years.

Planning efforts on the Reservation are extensive. EDA has funded a planning program since 1967. The BIA has had a program development function, which predates the EDA planning program. CAP has operated since 1965 and its planning for human resource development dovetails with economic development. A 701-HUD planning grant was used to prepare a plan for Browning. A second grant is being used to prepare a Reservation-wide plan, and this program includes a full-time, in-house 701-planner for the Reservation. In addition, there is a planner for the Housing Authority, a planner for the Lake Shore Committee, a City Planning Board for Browning, and a City-County Planning Board for Glacier County. The total personnel involved in planning is not excessive for the task at hand, but the coordination of the various efforts is not such as to take full advantage of the personnel available and working.

The director of the CAP feels that his staff is involved in the development of human resources and the EDA planning program is involved in the development of economic resources. One develops people for jobs, the other jobs for people. As such, the programs should work hand-in-hand. In fact, there is less than sufficient communication and coordination between the programs. At least part of the friction is due to less than ideal relations between the directors of the programs. The friction between them is recognized by the tribal chairman.

6. The OEDP Effort

a. The 1963 OEDP

The first OEDP for the Blackfeet Reservation was prepared by a ten-member committee comprised of government officials (BIA, USPHS), local business and government leaders, and three members of the Blackfeet Tribal Business Council. It was dated January 1963.

This initial OEDP effort cited four causes of economic decline and stagnation: (1) a high population increase estimated by the BIA at 2-1/2 percent per annum; (2) the economics of ranching and farming demanding larger scale operations and thereby squeezing out the smaller operations which had served as employment opportunities for many Reservation residents; (3) the lack of nonagricultural employment opportunities, especially in industry; and (4) the heavy reliance on raw material production and export. All of these factors contributed to the accelerated outmigration of the younger and more able members of the community in search of better economic opportunities.

The plan called for economic development through the exploitation of several Reservation resources. First priority was given to the development of the timber resource. The plan called for the establishment of a sawmill and other wood-oriented industry. Second priority was placed on the development of the tourism/recreation potential which lies in the natural beauty of the western part of the Reservation and the proximity to Glacier National Park. The plan called for physical development and promotion and stressed the need for multi-season usage.

Also discussed was the further development of agricultural activities including increased use of irrigation, more livestock production, and the production of high-value vegetable crops. Mineral potential was under investigation at the time of the OEDP. The plan alluded to the ongoing oil production and the possibilities in coal and iron ore.

Lastly, the plan included the need for industrial development to increase the employment and economic base. Cited as detriments to this development were the lack of industrial sites, the dearth of housing accommodations for management personnel, the physical appearance of Browning, and the lack of available investment capital.

The first OEDP progress report dated January 1, 1964, showed some progress toward economic development as spelled out in the 1963 OEDP. The tribe, through its Blackfeet Indian Forest Enterprises, had contracted with Rex Brown Lumber Company to construct a sawmill. Provisions were made to aid local Indians in establishing themselves in logging activities. (For a subsequent history of this venture, see the discussion below of the EDA business loan project to Chief Mountain Lumber Co.)

Toward development of the tourism/recreational potential, a committee of the tribal council was established in 1963. Federal help was utilized to provide 30 new campsites, toilet facilities, picnic sites, a boat launch and the like. Additional development activities were proposed.

Progress was also noted in the initiation of more sophisticated ranching and farming methods. Initial steps were taken to consolidate tribal lands for more efficient agricultural production. Efforts to provide the Indian rancher with a better return on his cattle called for the establishment of a livestock sales yard in Browning. (This project was the subject of a 1969 EDA technical assistance project and will soon be submitted to EDA as a 1971 public works project.)

No actual development of mineral resources was reported. The report expressed satisfaction with the Bureau of Mines survey with respect to surface investigation, but called for a further study of subsurface mineral resources.

Industrial development activities were limited to surveys. An ARA technical assistance study of ceramics opportunities was in the application stage. Other studies were suggested including such products as expandable polystyrene beehives, plastic table tops and other articles of Indian design, a livestock feed and pelleting mill, and portable teepees.

b. The 1969 OEDP

In 1969, a new OEDP was prepared to replace the 1963 document. The Tribal Business Council served as the OEDP committee with the staff of the planning program preparing the document and designated the responsibility for follow-through and updating.

The plan presented area goals and an action program designed to meet those goals. Each of the goals is listed below, along with a brief discussion of progress achieved toward each goal.

Agriculture

1. Goal: Attain highest and best use of dry farming and irrigation land.

   Progress: A Reservation-wide 701 planning study is under way. This study will include land-use planning for the agricultural lands on the Reservation. The BIA has $120,000 budgeted for irrigation construction in 1971 and 1972.

2. Goal: Increase income to the Reservation by making better use of livestock through feeding and putting in local marketing facilities.

Progress: The tribe received an EDA technical assistance grant for a feasibility study of a livestock sales center. The venture was deemed feasible and the tribal council is now applying to EDA for a public works grant to construct a livestock sales center at the industrial park. Cooperative feeding arrangements are being discussed and should be developed in time.

3. Goal: Stabilize on a permanent basis the farm economy through a movement toward organized and cooperative programs.

Progress: Such cooperative ventures are still in the talking stage. The livestock sales center will hopefully illustrate the advantage of cooperative arrangements.

Manufacturing and Trade

1. Goal: Expand manufacturing operations to provide diversification of employment with a good future for employees.

Progress: Extensive efforts in attracting industry to Browning have shown minimal results. However, there are several good prospects for industry at the present. Three firms seeking SBA loans and desirous of plant facilities at the industrial park are wholly Indian-owned. The tribe has provided these local groups with both technical and financial assistance.

2. Goal: Expand the use of timber through secondary processing, increase the production of oil, and be alerted to the demand for coal and titaniferous magnetite as well as other minerals.

Progress: After several years of marginal operation, the local sawmill is now owned by U.S. Plywood and appears on its way to viability with sufficient capital back-up and management to see it through several more losing years. Two Indian-owned firms seeking SBA assistance to establish plants in the industrial park are wood product manufacturing in nature and therefore secondary processors of timber.

Recreation and Tourism

1. Goal: Develop a comprehensive plan for use and conservation of recreation resources with corresponding enforcement ordinances to preserve the natural beauty of the area and protect the fish and wildlife.

Progress: The 701 Reservation-wide plan in process will formalize a land-use plan for the Reservation. The tribe has extensive hunting, fishing and recreational activity regulations to protect the land, waters, and wildlife.

2. Goal: Develop tourist accommodations in the form of lodge complexes, campgrounds, cabins, summery cottages, access roads, and attractions to strengthen local trade and employment.

Progress: A $1.8 million lodge/campground complex for Lower St. Mary's Lake has been approved by EDA for funding. The BIA had $400,000 budgeted for 1972 for campground development. A new motel has been added to Browning with the assistance of an SBA loan.

C. PROJECT ANALYSES

The following projects have been funded by EDA on the Blackfeet Indian Reservation:

	Type and Nature of Project	Project No.	Date	Funding	
				Grants	Loans
1.	PUBLIC WORKS PROJECTS				
	a. Industrial Park	07-1-00415	1966	$ 356,000	
	b. Street Improvements	07-1-00488	1968	536,000	$134,000
		07-1-00488-01		40,000	10,000
	c. Tourist/Recreational Complex	07-1-00537	1971	673,000	633,000
		07-1-00732		488,000	
	TOTAL APPROVED			$2,093,000	$777,000
2.	BUSINESS LOANS				
	a. Chief Mountain Lumber Co.	07-3-00447	1967		$146,250
3.	PLANNING GRANTS				
	a. Blackfeet Planning Program				
	1)	07-5-15002	1967	48,720	
	2)	07-5-15002-01	1968	40,535	
	3)	07-5-15002-02	1969	39,700	
	4)	07-5-15002-03	1970	39,350	
4.	TECHNICAL ASSISTANCE				
	a. Ceramics Plant Study	ARA*	1965	($30,000)	
	b. Livestock Sales Center Study	07-6-09240	1969	2,250	
	TOTAL APPROVED			$2,263,555	$923,250

* Project No. 14-20-0650-1379

Project-by-project discussion and analysis follows:

1. PUBLIC WORKS PROJECTS

a. Industrial Park, Project No. 07-1-00415, 1966

The development of an industrial park was a logical initial step in developing the industrial potential of the Reservation. The possibility of EDA assistance in the development of an industrial park in Browning came to the attention fo the Blackfeet Tribal Business Council when the Projects Development Officer of the BIA (who later became the executive director of the planning program funded by EDA) acquainted the Council and the local business community with the availability of such assistance. The project application was quickly prepared, processed and approved, and the Industrial Park on the Blackfeet Reservation became one of the first public works projects ever funded by EDA.

The project was authorized in 1966 and completed in 1967. Financing was as follows:

EDA Direct Grant	$222,500	(50%)
EDA Supplemental Grant	133,500	(30%)

Total EDA Investment	$356,000	(80%)
Other (Tribal) Funds	89,000	(20%)
Total Project Cost	$445,000	(100%)

The project provided the community with a 12-site, 67-acre industrial park complete with water, sanitary sewer, paved access roads, gas, electrical power, and a railroad siding. The site is about one mile out of Browning and was located adjacent to an existing sawmill and the railroad line.

Bird-in-hand claims for this project included Precise Products (75 jobs) and Chief Mountain Lumber Company (50 jobs plus logging and hauling operations). The possibility of a tribally-owned ceramics plant was also mentioned.

(1) Precise Products did locate a smaller-scale operation on the Reservation, but not in the industrial park. Precise Products was a firm out of Tacoma, Washington, owned by Ferd Bondy. Mr. Bondy was drawn to the Blackfeet Reservation after a 1964 flood in the area. He produced gabions, small metal baskets filled with rocks and used to prevent erosion, and there existed a need for his product in the area at that time. Bondy set up a small manufacturing operation on the Reservation on the ranch of Jerry Show, a tribal member, who acted as his foreman. Show worked for Bondy in this capacity for a few months each year. In 1966, Mr. Bondy became interested in establishing a plant to produce metal products at the industrial park.

The larger scale operation was contingent upon a contract from the Navy for metal ship doors. The Navy contract was finally awarded in 1969, and SBA loans were then easily obtained for a working capital guarantee and for construction of a plant in Browning. The firm began production at a temporary downtown facility. Bondy brought in Show as a partner at this time but retained management control. There was insufficient space at the temporary facility and the doors were not produced at the rate specified in the contract. Of the $240,000 in doors to be produced, $103,000 are yet to be completed.

In 1971, Show took over management of the firm and hopes to buy out Bondy completely. Show hopes to have an on-going operation, and has reapplied to SBA for a $230,000 loan for a plant in the industrial park. It is unlikely that this loan will be approved until management reorganization and other problems are worked out and the firm is well on its way to finishing the Navy contract, which has been extended. Show hopes to eventually expand into other metal, particularly aluminum, products. Precise Products employed 13 persons, all local Indians, in 1970 and has a payroll of almost $100,000. The plant is presently shut down until April. Show hopes that by 1972 he will employ 20 persons with a $150,000 annual payroll.

(2) Chief Mountain Lumber Company, now US Plywood, also does not operate in the industrial park, but adjacent to it. While the company facility has benefitted by the utilities extended to the industrial park, its establishment pre-dates the park and its remaining in Browning was not contingent upon these utilities. The firm was a recipient of an EDA business loan which did play a part in the history of this venture. This is treated separately below under the discussion of that project.

(3) The ceramics plant mentioned as a possibility never materialized. ARA had funded a $30,000 technical assistance grant to determine the feasibility of such a venture. This grant is also discussed below.

(4) The sole occupant of the industrial park in mid-1971 is Glacier Homes, Inc. In 1967, Mr. Glenn Murray of Murray Enterprises (Minneapolis, Minnesota), contacted EDA in Washington in search of an appropriate Indian reservation on which to expand his contracting firm. He toured the north western reservations and by a process of elimination, decided on the Blackfeet Reservation which offered several advantages.

The advantages of the Blackfeet Reservation were several. The tribe had authorization for construction of 55 homes which gave Glacier Homes a guaranteed first contract. Secondly, freight rates east from Browning to Fargo, North Dakota, along the Great Northern route (and connecting routes south) were favorable as Fargo is a rate-change point. Thirdly, the reservation offered an available labor force (although not a cheaper one since the plant is fully unionized). Fourth, the Browning Development Corporation was able to secure an SBA loan to construct the plant to be leased to Glacier (the lease runs through 1989).

Murray entered into a joint venture with Rogers Lumber Company (later changed to Components Systems), also of Minneapolis, to establish Glacier Homes, Inc. Rogers was to run the plant which was to produce component housing parts. Murray was to act as a contractor for the construction of the homes produced.

The firm opened its plant in Browning in November of 1969. It has produced the 55 units mentioned above and 50 other units are now under construction on the Reservation under HUD's Section 236 program. Several other contracts were successfully negotiated in Montana and North Dakota, but Component Systems, which controlled management, chose to produce these units in Minneapolis at the expense of the Browning plant. The plant closed down in December 1970, but expects to reopen in the Spring of 1971.

Murray Enterprises has now bought out Component Systems and has full control of Glacier Homes. Proposals have been submitted for 225 units in Browning and elsewhere (including two other Indian Reservations) and any contract for 30 or more units will suffice to reopen the plant once again. Once in operation, a more extensive marketing operation is planned. There is a possibility of the Blackfeet Tribe buying into the operation.

The Glacier Homes plant has a capacity to produce the component parts for 550 homes per year. Such a level of operation would require a work force of about 40 with an annual payroll of $400,000. An absolute minimum level of operation is 200 homes per year while a desirable minimum from a management point of view is 400. The totally Indian work force for 1970 averaged 12-14 (with a peak of 24). The total payroll was $79,000. Additionally, construction of the first 55 units on the reservation produced a $138,000 payroll, virtually all of it going to Indian workers. The construction payroll on the second 50 units was $61,000 in 1971. This is only a 50 percent Indian work force because deadlines required the importation of laborers. These 50 units are slated for completion in April of 1971.

Because the 105 units would have been built even had Glacier not been involved, the on-site construction labor wages cannot be credited to the industrial park. Management has expressed great satisfaction with the BIA-funded on-the-job training program at this plant. The workers are capable and management is very pleased.

(5) Partly in frustration of drawing outside industry, a local group of members of the Blackfeet Tribe formed Piegan Products, basically a manufacturing firm in-search-of-product. After consideration, and a tentative agreement with the Service Technology Corporation, a decision was made to establish a cut stock plant to produce window and door sashes and molding at the park. The division of labor calls for Piegan Products assuming ownership, supplying the raw material and labor force, and Service Technology assuming the management, training and sales functions. Projections call for 40 employees to start, with expansion to 56 in three years. Employment will be 95 percent local. Wage rates will be in the $2.25 to $3.80 range for production workers and about $5.00/hour for foreman.

Piegan has submitted an application to SBA for a $270,000 building loan (through the Browning Development Corporation), and a 90 percent SBA loan guarantee of $240,000 of working capital. The tribe has contributed $50,000 to this effort. Approval of the SBA loan seems likely, although the amount may be other than that requested.

(6) Blackfeet Industries, Inc., another local Indian-generated company, is interested in establishing a post and pole plant at the Industrial Park. A group of local residents, all but one of whom are members of the tribe, have each contributed $500 to form this company. They plan to produce treated wood products such as fence pickets, telephone poles and the like. An SBA loan to the Browning Development Corporation has been requested for about $280,000. The Corporation would then build and lease the plant to Blackfeet Industries, Inc. Additionally, SBA has been requested to guarantee 90 percent of a working capital loan of $115,000. Projected employment would be about 30-35 in total; 12-15 in the plant and the remainder harvesting the raw wood input. SBA is concerned about the proposed management for this plant. Pending settlement of this disagreement, the loans are likely to be approved.

(7) Another real possibility in the near future is Great Western Corporation, a manufacturer of pens and pencils. Located by Cambridge Marketing Group, Inc., under contract to SBA, this firm proposes, if arrangements can be worked out, a $250,000 building financed by a 65 percent EDA business loan, $300,000 in equipment financed 90 percent by SBA, and $280,000 in working capital ($100,000 of which will be supplied by the tribe, $40,000 from training funds under various programs, and about $140,000 from a 90 percent SBA guarantee loan). Initial employment would be about 40, rising to about 100 in three years as currently projected. This proposal is in the early stages.

(8) Puget Sound Casket Co. has expressed interest in producing steel caskets at the industrial park. They foresee a plant employing about 22 people with a payroll of about $175,000 per year. Discussions are still in the preliminary stages.

(9) Another possibility for the industrial park is a Livestock Sales Center at which the many ranchers on the reservation could sell their cattle from a better competitive position than they presently have. EDA funded a technical assistance project to determine the feasibility of such a venture. The project was found to be feasible and the tribe will shortly be submitting an application to EDA for a $482,000 Public Works grant for construction of the Center. More detail on this proposed Center is presented below in the section of the report dealing with the technical assistance grant. Employment would include one full-time manager and 12 part-time personnel working on a sale-by-sale basis. There would be between 20-40 sales each year. The total generated payroll would be $17,000 to $25,000, depending on the number of sales conducted each year.

In summary, then, the only occupant of the park to date is Glacier Homes, which has operated for a total of 13 months and is temporarily shut down. The firm plans to resume operations shortly. Its 1970 payroll was $79,000 and included a fluctuating labor force of 12 to 24.

The future offers promise for several more industries to join Glacier Homes in the industrial park. If all these prospects were to materialize, the maximum impact of the park in a couple of years could be as follows:

Glacier Homes	30 people	$300,000 payroll
Piegan Products	50	400,000
Blackfeet Industries	35	300,000
Precise Products	20	150,000
Livestock Sales Center	13	25,000
Great Western	50	400,000
Puget Sound Casket	22	175,000
	220	$1,750,000

The possibilities are listed in descending order of probability.

b. Street Improvements, Project No. 07-1-00488, 1968 and also -01

This project provided for the paving and/or installation of streets, sidewalks, curbs and gutters, and storm drains in residential and commercial sections of Browning, Montana, the economic and population center of the Blackfeet Reservation. The project was submitted by the Town of Browning with the support and endorsement of the Blackfeet Tribal Business Council, the official governing body of the tribe.

Before the construction of this project, Browning had no paved streets except for the major road which runs through town. The complete lack of sidewalks, paved streets, and storm drainage facilities made the town very unattractive: in summer, the streets were dusty and dirty, in winter, muddy and pock-marked by traffic. It was felt that the physical appearance of Browning made a major negative contribution to the efforts of the town and the tribe to draw industry and tap the tourist potential of the 900,000 or so visitors to adjacent Glacier National Park. It was felt that a presentable image was necessary if management personnel were to find Browning an acceptable place to live, and if the many tourists passing through town were to find cause to stop and contribute to the Browning economy.

First hand observation by EDA/Seattle officials, in town for the ground-breaking of the industrial park, provided impetus for this project and for its subsequent approval. First discussions with EDA came out of this event.

The project was funded in 1968, and included an initial grant of $536,000 and a loan for the remaining $134,000. To cover additional costs a supplemental grant of $40,000 and a loan for $10,000 was later approved. Thus the total project cost was $720,000.

To repay the loan for this project, the Town of Browning established a Special Improvement District for that section of town receiving the benefits of the project. In this way, the beneficiaries of the project were made to bear the local share of the cost. These were property owners whose property values were expected to, and indeed did, increase. Through public hearings, poorer sections of town expressed an inability to pay the increased property tax and were not included in the Special Improvement District. These sections of town remain unpaved.

The project was completed virtually on schedule. Even with the additional supplemental funds the allocated funds were insufficient to complete the specified projects. A few streets had to be dropped from the paving program.

The specific impact from this project is difficult to assess. Since completion of this project, several new businesses have opened in Browning. The Town has a new, full service, 40 unit motel which includes a restaurant and bar; a launderette/dry cleaning establishment; an enlarged shopping center including a variety store, a shoe store, and a bakery; and several other small businesses, including two car washes. The improved appearance of the town is said locally to be a factor in the development of these new businesses, and this project did contribute to that improved appearance. The aesthetic quality of Browning, however, remains less than of showplace proportions, and it is likely that the increase in the tourist trade is more attributable to the increased visitation to Glacier National Park than the improved appearance of Browning as a result of the street improvements financed under this project.

c. St. Mary's Tourism/Recreational Complex, Project Nos. 07-1-00537 & 07-1-00732, 1971

The tourism/recreational potential of the Blackfeet Reservation has long been recognized by the Tribe. Its development was a priority item in the OEDP and virtually every other document dealing with the economic development of the reservation. The development potential derives from the great natural beauty of the western portion of the reservation, the recreational opportunities of both the lakes and mountains, and the natural drawing power of adjacent Glacier National Park. The Park draws almost one million tourists a year.

Prime among the sites for recreational development is Lower St. Mary's Lake. This lake abounds in natural beauty and its southern end is an entry point to the National Park. A development here would draw tourists voluntarily on its own merits and of necessity when the Park is overcrowded.

In 1968, the Tribal Business Council submitted an application to EDA for approximately $1.4 million dollars for the development of a 56-unit lodge, a 100-unit campground, a marina, a restaurant facility and a 30-unit teepee village. A feasibility study was prepared at the Tribe's expense by Harrison A. Fagg and Associates, an architectural firm from Billings. Fagg's report suggested financing as follows:

EDA grants	$948,403
EDA Loan	456,045
Tribal Contribution	90,000
	$1,494,448

The Fagg feasibility study outlined the magnitude of the proposed undertaking and the returns which could be expected at various usage levels. Justification for the project rested almost entirely on the expected increased drawing power of Glacier National Park. No actual estimate of the likely drawing power of the project was made. Instead, a table of income was presented for different usage levels, but nowhere was it stated which level of usage was likely to be obtained.

The report projected operating expenses of $331,000 per year for the minimum development. These expenses includes $225,000 in salaries. At that expense level, the break-even point was designated at 55% usage (occupancy) over a six-month operating period. EDA, in its consideration of this project, insisted that the tribe did not have the management capability to run this facility, and that approval would be contingent on finding qualified management willing to administer the complex.

After contact with several national motel chains (including Western, Hyatt House, Quality Courts and World Wide Inns) the tribe selected James Ward and Associates from the Seattle Area to manage the complex. Contractual arrangements were worked out, but changes were requested by Ward, countered by the BIA on behalf of the tribe, and then finally an agreement was worked out. However, a story in a Seattle newspaper connecting Ward with underworld dealings prompted an investigation by EDA. As a result, EDA decided not to become involved with Ward on the project.

A decision was finally made by EDA to proceed, without a pre-arrangement for management, with an understanding that competent management would be arranged. The project was approved by EDA in April of 1971. The facility was finally processed as two separate projects, one containing the profit producing components of the development and the other the supportive components (which are eligible for 100% financing). The projects as approved include a 55-unit motel, a 40-unit teepee village, a 100-unit campground, a restaurant with a capacity of 180, a marina for 50 boats and a swimming pool.

Total EDA funding of $1,161,000 in grants and $633,000 in loans were approved as follows:

	Project No. 07-1-00537		Project No. 07-1-00732	
EDA Grant	$ 673,000	(50%)	$488.000	(100%)
EDA Loan	633,000	(47%)		
Total EDA Contribution	$1,306,000	(97%)	$488,000	(100%)
Tribal Contribution	40,000	(3%)		
Total Project Cost	$1,346,000	(100%)	$488,000	(100%)

Because this project has only recently been authorized, no impact has been experienced to date. Expected impact, as projected in the application, includes 40 year-round and 125 seasonal jobs with an aggregate payroll of $242,000.

2. BUSINESS LOAN PROJECT

a. Chief Mountain Lumber Company, Project Number 07-3-00447, 1967

In 1967, EDA extended a business loan to the Chief Mountain Lumber Company for $146,250. The loan contributed toward the $225,000 stipulated as necessary to expand an existing sawmill on the Blackfeet Reservation to produce a variety of finished and semi-finished lumber products.

This sawmill had been originally built by an individual whose principle aim was to take the loan money, get the mill in operating order, and sell out to the Tribe, as was his option, at a profit. He never intended to run the mill on a permanent basis. The Blackfeet Tribe, however, did not care to get into the business of running a sawmill and therefore found another firm to take over the mill. This firm, Delaney Brothers of Missoula, Montana secured the EDA loan for further development of the facility. (There is some doubt that the entire amount of EDA's contribution was used at this facility. The firm has other operations in Montana and elsewhere.)

Supplying the mill with logs has been a problem since the beginning of the operation. In 1969 the Wind River Logging Company contracted with Chief Mountain to perform this function. With the assistance of the planning program staff, a $270,000 SBA loan was secured by the Browning Development Corporation for re-loaning (along with $30,000 in Corporation funds) to Wind River for equipment purchases. Wind River employed as many as 40 members of the Indian community, but in September of 1969, after a dispute with Chief Mountain, the re-evaluation of the stumpage rates by the BIA and the tribe, and an absenteeism problem with timber fallers, Wind River took its machinery and equipment and moved their operation to Wyoming. They continue to re-pay their SBA loan through the Browning Development Corporation, but have not operated on the reservation since 1969.

The loss of Wind River Logging Company forced a cut-back by Chief Mountain. The Delaney Brothers had originally come into the operation because it was available at a reasonable price and because of the availability of the EDA loan. They had a few good years but siphoned the profits from the operation out of the community into their other operations. The mill was not repaired and maintained as it should have been. The operation decreased in its profitability, and this, coupled with the withdrawal of Wind River, led to the Delaneys selling out to US Plywood Corporation. US Plywood took over control as of July 1, 1970. The company has paid off all loans incurred by the Delaney Brothers, including that to EDA. US Plywood is a large and diversified corporation. It uses the mill in Browning to produce only 2 x 4 studs. (Delaney had produced a variety of wood products until the last year when they too limited production to 2 x 4's.) The mill management is now a stable economic operation, under U.S.Plywood, making a noticeable contribution to the economy of Browning.

The logging operation has been taken over by two firms, one of which is local and Indian-owned and operated. Though difficulties have been experienced, the logging operation now seems viable enough to meet the needs of production at the mill.

U. S. Plywood, operating the mill approved under a business loan to Chief Mountain Lumber Company, expects a 1971 payroll of about $200,000 for its 40 employees. The two logging operations supported by the mill employ an additional 40 men with an annual payroll of some $400,000. The firm has made capital improvements to the plant in 1970 totalling $200,000 and expects to expand another $250,000 during the summer of 1971.

It is difficult to assess the degree to which the EDA loan contributed to the economic impact of the sawmill in Browning. The EDA funds did not go to construct the original facility, but to improve it when the original operator desired to abandon the operation. It is likely the availability of EDA assistance was a key factor in the take-over of the facility by Delaney Brothers. However, after a few years of operation, not necessarily in the best interest of the Browning plant and/or the community, the recipients of the EDA loan have sold out to a large, nationally operating firm which has paid off the loan. It is doubtful that the loan had any bearing on the decision of US Plywood to take over this facility. Basically the EDA loan served to assure the operation of an existing facility in Browning for a four year period between totally incompetent and disinterested management and final take-over by a firm interested in running the plant in a serious manner. EDA neither supplied the community with the initial facility, nor was instrumental in securing the present occupant. Thus no current or future impact can really be attributed to the loan.

3. PLANNING GRANTS

a. Blackfeet Planning Program, Project No. 07-5-15002, -01, -02, -03, 1967-70

In 1967 the Blackfeet Tribal Business Council was awarded the first of four planning grants from the Economic Development Administration. The funding history of this and subsequent grants is as follows:

		Local Contribution		
Date	EDA Grant	Cash	In-kind	Total
1967	$48,720 (75%)	$ 8,100 (12.5%)	$ 8,140 (12.5%)	$64,960
1968	40,535 (70%)	8,100 (14 %)	9,190 (16 %)	57,825
1969	39,700 (69%)	8,100 (14 %)	9,690 (17 %)	57,490
1970	39,350 (65%)	11,400 (19 %)	9,690 (16 %)	60,440
Total	$168,305 (70%)	$35,700 (15 %)	$36,710 (15 %)	$240,715

Most notable from the above financial history of the Blackfeet Planning Program is that over the four-year funding period, the EDA contribution diminished each year both in dollar terms and as a percentage of the program funding. The tribal contribution was increased each year both absolutely and relatively.

The impetus for Blackfeet participation in this program came from Clyde Waln, the present executive director of the program. In 1966 Mr. Waln was the Resource Development Officer with the BIA on the Blackfeet Reservation. As part of his job he kept himself abreast of relevant federal programs. He became aware of EDA-financed planning grants and discussed the possibility of such a grant for the Blackfeet with the EDR for the State of Montana. An application was prepared, submitted to EDA and subsequently approved.

By the time the first grant was awarded, Mr. Waln had transferred with the BIA to another reservation. Upon receipt of the grant, the tribal council invited him back to Browning to serve as director of the planning program. He accepted this position and still holds it today.

Mr. Waln's qualifications for his position include a degree in business administration with a major in accounting and a minor in economics. His previous experience on Indian reservations is extensive. He himself is a Sioux Indian,having grown up on the Rosebud Reservation in South Dakota. While with the BIA, Mr. Waln spent several years as an agricultural loan officer. He then specialized in industrial and economic development as a Resource Development Officer.

Upon his appointment, Mr. Waln advertised locally to fill the remaining positions on his staff. George Henkle was hired for the "economist/planner" position. Mr. Henkle is a native of the Blackfeet tribe, has substantially completed his college education in business administration, has operated his own businesses and served as Treasurer of the Blackfeet Tribe. For the position of "community development specialist" another local member of the tribe, Leo Kennerly, was hired. This position, however, was dropped two months into the second grant period. It was felt by EDA that, given budget constraints, only two professional positions were warranted by the size of the tribe. In addition, the planning program has one "secretary/bookkeeper."

Since its inception, the planning program financed by EDA has become a technical arm of the Blackfeet Tribal Business Council. While principally concerned with economic development matters, the two-man staff has become involved in several related activities. The planning program is one of three community improvement programs under the council. (The other two are the OEO-funded Community Action Program and the Housing Authority.)

The staff have their offices in the new tribal headquarters. They are in constant contact with tribal leaders and others in administrative or technical positions with the Blackfeet. Almost daily contact is maintained with the Program Development Officer of the BIA. Contact with the Housing Authority is also maintained, since the economist/planner is a former head of the Authority. Contact with the CAP program is less than ideal. The heads of these two programs have not over the years been on the best of terms and this manifests itself in the relationship between the two programs. A working relationship is maintained with non-Indian components of the Browning economic community including representatives of government and banking.

The activities undertaken by the staff since 1967 are summarized below under appropriate subheadings:

(1) EDA-related activities

The staff has played some role in all EDA projects at the Blackfeet Reservation. Application for two EDA-financed public works projects preceeded the establishment of the planning program. However, the planning director, then with the BIA on the reservation did play a role in the development of applications for both projects. The planning program was established before these projects were completed and the staff performed an administrative function in carrying the projects through to completion.

Through its assistance to the Housing Authority, the staff was instrumental in gaining the first occupant in the industrial park. The prospect of a contract for the construction of 55 low rent housing units brought several contractors to Browning. This opportunity was parlayed into the establishment of a home building plant at the industrial park. This deal was aided by the firm securing an SBA loan through the Browning Development Corporation with the assistance of the planning staff.

EDA has extended one business loan on the Blackfeet Reservation. This loan, to Chief Mountain Lumber Company, was negotiated largely without the assistance of the planning staff which was then in its infancy. The staff, however, did involve itself in some of the detail of establishing the tribe as a loan sponsor.

The staff prepared an application to EDA in 1969 for a technical assistance grant to determine the feasibility of a Livestock Sales Center. The application was approved for $2,250. The study determined that such a venture was feasible and the staff is now preparing an application to EDA for $482,000 for construction of such a facility under a public works grant.

Another proposal to EDA concerned the recreational development of lower St. Mary's Lake. This application was originally submitted in 1968 and has recently been approved.

All the above projects are discussed in greater detail on a project-by-project basis elsewhere in this report.

(2) "701" Planning Program

The Blackfeet Reservation received a grant of approximately $15,000 in 1968 from HUD under its Section 701 planning grant program. This program is principally aimed at physical planning and is therefore complementary to the economic development planning funded by EDA. The planning staff is assisted by the Town of Browning and the Tribal Council in the preparation of the application for the initial 701 grant. The established policy of the staff at that time was that the physical appearance of Browning was an overwhelming detriment to the community's chances of attracting industry, and that the improvement of the physical condition of the town was a top priority. Thus the physical planning effort financed by HUD dovetailed with the staff's approach to economic planning. Secondly, the undertaking of this planning effort served as clear evidence of community involvement in self-improvement and acted as an impetus for several other projects in Browning. Among these were the EDA street improvement project, a HUD-funded community center, and HUD funding for housing. The 701 funds were used to hire a consulting firm from Billings and the final report was dated January 1, 1970. The planning staff assisted the 701 planners in data collection and analysis and acted as the technical arm of the tribal council in a liaison arrangement with the consultant.

Based on its experience in successfully attaining 701 funds, the staff was asked to assist the City of Cut Bank, adjacent to the Reservation, in applying for such funds. The staff agreed to do this.

The original 701 grant was for planning for the Town of Browning only. Recently a second grant, for $40,000, was awarded to the tribe for a planning program encompassing the entire reservation. A Spokane, Washington, firm has been retained and is now beginning its work.

(3) Small Business Administration

The economist/planner on the staff has been involved extensively in loan counselling and assistance to individuals and groups on the Blackfeet Reservation. Requests for loan information come into the planning office daily. Naturally, some are unrealistic, while others do not fall within SBA or other loan program guidelines. These parties are appropriately counciled as to alternative courses of action. Promising loan prospects are encouraged and application assistance offered. At least 20 loan applications have been submitted to SBA. To date, 10 of these loans have been approved, and still others are pending.

Four relatively large loans have been approved by SBA to date. The War Bonnett Motel was constructed with a $150,000 SBA loan, a $150,000 loan from the local bank, and a 90 percent SBA guarantee of a $115,000 working capital loan from the local bank. This motel, completed in the spring of 1970, has 40 units, full dining facilities, and a bar. It employs about 20 persons with a payroll of about $75,000 per year. It is affiliated with Best Western, the nation's largest chain of individually-owned motels.

Other larger loans include an $80,000 loan in 1969 to Precise Products, and a $165,000 building loan to the Browning Development Corporation for the plant to Glacier Homes. Glacier is located at the industrial park, while Precise Products has a pending loan for $230,000 to construct a building at the park. (These businesses are discussed in greater detail above under the section dealing with the EDA industrial park project). The fourth large loan was to Wind River Logging Company. SBA loaned $270,000 to the Browning Development Corporation which added $30,000 of its own funds and loaned $300,000 to Wind River. This was an equipment loan and Wind River shortly thereafter moved, with the equipment, to Wyoming. (This is discussed above under the narrative concerning the EDA business loan to Chief Mountain Lumber Company).

Small loans include two for service stations (one for $10,000 and one for $7,500), a $25,000 loan for a dry-cleaning/laundrette facility, a $25,000 loan for a bar/cafe, and a $6,000 loan for a car wash addition to a service station. Additionally, a local tribal member was assisted in securing a loan for a motel in Missoula, Montana (200 miles from Browning).

Four large SBA loans are pending. Piegan Products is requesting $270,000 for building costs and a 90 percent guarantee on $240,000 in working capital. Blackfeet Industries has applied for $280,000 for buildings and a guarantee on $115,000. Puget Sound Casket Company is in the early stages of application and no dollar figures have been set. Great Western is interested in constructing a large pencil manufacturing facility and will request in the neighborhood of $162,500 (65 percent of $250,000) for buildings from EDA, $270,000 (90 percent of $300,000) for equipment from SBA, and an SBA loan guarantee of $150,000 in working capital. All of these prospects are for plants in the industrial park. (They are covered in detail above in the discussion of that project).

(4) Industrial Promotion

A large portion of the effort of the planning staff goes into industrial promotion. Glacier Homes was drawn to Browning after showing interest in a construction contract for some 55 homes on the Reservation. The expansion of Precise Products is partially due to the efforts of the planning staff. A number of other firms have been contacted from time to time over the four years which the planning program has been in operation. Staff members have travelled throughout the United States to follow up leads with respect to interested industries and have exhibited at various trade fairs and conventions throughout the country. At one time or another there have been prospects for a food processing plant, a plastics plant, a ceramics plant, an electronics plant, a light bulb manufacturing plant, a computer operation, a fiberglass plant, and a carton manufacturing plant. None of these leads has produced a plant for Browning. However, several other prospects exist at this time and are in the processing stage for SBA loans. These have been mentioned above.

(5) Other Activities

Additionally the staff has been involved in other activities which make demands on their time. They have performed staff work for the standing committees of the tribal council. For example, they assisted the Lake Shore Development Committee in planning new recreational areas. They have performed services for the tribal council such as preparing bids and arranging financing for tribal projects. They prepared the first HUD Workable Program to qualify for housing funds. In addition to these and other tasks, the staff prepares quarterly progress reports as well as annual OEDP progress reports. In 1968-9 planning staff rewrote and updated the original OEDP. The new OEDP was established in March of 196

4. TECHNICAL ASSISTANCE PROJECTS

a. Feasibiltiy of a Ceramics Plant, ARA Project 14-20-0650-1379, 1965.

In 1965, American Scientific Corporation of Alexandria, Va., received a contract under a $30,000 ARA technical assistance grant to determine the feasibility of a ceramics industry on the Blackfeet Indian Reservation. The firm produced a very thorough study. It was found that management requirements were such that industry-specific technical knowledge and sophisticated business skill were needed but were unavailable on the Reservation. This problem could be overcome, the report stated, by available outside management. The remaining problem was money. The report suggested that a $250,000 capital investment was required and made one assumption which proved inaccurate: that the Blackfeet as a tribe had the money and the interest to establish the industry as a tribally-owned enterprise. At that time, the tribe was not interested in assuming the entrepreneurial role on the reservation. The report made no alternative suggestions as to solutions to the management and money problems. The document, although very good both technically and analytically, produced no action.

From time to time since 1965, interest has been rekindled in the establishment of a ceramics plant in Browning. However, no firm has been located willing to undertake this venture. An individual in Bozeman, Montana, has expressed interest in playing a management role, but wants the tribe to assume the entrepreneurial role.

b. Livestock Sales Center Feasibility, Project No. 07-6-09240, 1969.

Livestock production is one of the primary economic activities of the Blackfeet Indian Reservation. The 1969 OEDP showed 196 cattle operations owned and operated by tribal members. In 1968 almost 54,000 cattle were sold out of Glacier County, 20,000 by Indian ranchers.

The selling arrangement which has operated to date involves the ranchers shipping cattle to sales centers and accepting the price the animals bring at market. Cattle are shipped as far as Iowa for sale. The nearest sales center is in Shelby, Montana, 58 miles to the east. A 6-10% weight loss occurs in transit and the price paid to the rancher is determined by the weight of the animal at the point of destination. (The buyer then can feed the animal and quickly recover the lost weight). Unsatisfied with this arrangement, the local cattlemen have long wanted a livestock sales center in Browning. This need was brought out in the 1962 and 1969 OEDP's. Interest in such a facility remained, and in 1968 Montana State University was approached for assistance in determining feasibility. When this arrangement could not be made, the Tribal Business Council turned to EDA for a feasibility study. EDA contributed $2,250 toward a $2,500 contract to Jay W. McAfee. The grant was authorized in May 1969 and McAfee's final report is dated July 30, 1969.

The application for this grant projects an economic impact of 15 sales jobs for 30 days a year and two promotional jobs for six months. It projects an increase in profits to ranchers of $52,000 a year. The study by McAfee concluded that a livestock sales center at Browning was a feasible venture. The feasibility study summarizes the economics of the cattle industry in Montana and draws heavily upon the experiences of 16 existing livestock sales centers in the state. Projections of attainable revenues, years required for capital recapture, and return on investment are based on two different sets of assumptions: (1) 20 sales per year at which 65% of the 20,000 Indian cattle sold annually are sold through the center, and (2) 40 sales per year at which 50% of the 50,000 or so cattle sold annually in Glacier County are sold through the center.

Under the first assumption, 13,000 head are sold at $3/head, producing $39,000 in gross income. Expenses total $23,300 producing a net income of $15,700. This scale of operation generates a payroll of $16,000. Given the second assumption, 25,000 head are sold at $3/head to the center producing $75,000 in gross income. Expenses total $39,000 yielding a $36,000 net income. Under this assumption, the payroll is $25,000.

Also included in the report were suggestions as to physical layout (including examples and a specific proposal), operating procedures, and sources of advisory assistance. The report is very readable, even to the layman, and presented in a straight-forward logical fashion. Assumptions are spelled out and documentation included where necessary.

The McAfee feasibility study was accepted by EDA and the Tribe. The planning program staff is now preparing an application to EDA for such a facility and is requesting a $482,000, 100 percent public works grant under the new financing policy. The tribe views the facility as a public service and not a profit-producing business. Tribal ownership is contemplated.

However, the amount of the requested grant from EDA is to be 2 1/2 times the largest capital expenditure envisioned in the McAfee report. It appears that the tribe is seeking a larger type of operation than that envisioned in the McAfee report. A telephone interview with Mr. McAfee was conducted. He would not make a judgement either way as to the feasibility of a larger scale operation. He said that the market picture has not changed appreciably since his report, and that the land available in Glacier County is still only capable of producing so many head of cattle. He felt that a larger operation drawing from ranges outside of the county is certainly possible, but depends largely on efficient management and good promotion (to draw the larger cattle buyers). The McAfee report spoke of the livestock sales center as a viable operation without government assistance. The larger scale operation seems to be more than just a service to local cattlemen (estimates of increased profits to these cattlemen now range to over $100,000) and indeed does appear to be at a profit generating scale of operation. This seems inconsistent with the policy used to warrant a 100% grant from EDA.

RESERVATION REPORT

CROW RESERVATION, MONTANA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Crow Indian Reservation is located in south-central Montana. Crow Agency, the administrative center of the Reservation, is equidistant (60 miles) from Billings, Montana, and Sheridan, Wyoming. The Reservation population numbers 4,000 Crow Indians. Strong leadership in recent years has implemented a series of economic development projects, as well as social programs. While the intended impact of many of these efforts remains years away, progress is visible in some cases and seems very likely in others.

EDA assistance to the Crow Reservation has included five public works undertakings (processed as eight EDA projects): an industrial park, a tourism/recreational complex, a youth summer camp, a water treatment facility, and the initial stages of a second tourism/recreational complex. The last two of these are not yet completed. EDA also made two business loans totaling over one million dollars to ventures on the Crow Reservation. This assistance went to a pelleting mill and a carpet factory. Two technical assistance studies respectively analyzed the water system on the Reservation and determined the feasibility of a meat packing plant. Finally the Crow Tribe elected to join with the Northern Cheyenne Tribe and the Big Horn County to form the Big Horn Economic Development Corporation. Under EDA's district planning grant program, this organization has received continuous financial assistance since 1968.

While these projects have individually met with varying degrees of success, their collective impact in terms of jobs, income, infrastructure, resource development, leadership and attitude has been significant to date.

2. Conclusions

To date, the impact of all EDA projects on the Crow Reservation includes the employment generated by a carpet mill in the industrial park, which was also the recipient of one of the EDA business loans extended on the Reservation, and some additional employment in the youth summer camp as a result of the EDA-funded expansion. The carpet mill employs 80 Indians and 10 non-Indians with an annual payroll of $350,000. The summer program has expanded its payroll by several thousand dollars. One business loan aided in the establishment of a pellet feed mill which employed eight persons, four of whom were Indians. However, this plant was closed in early 1971.

Impending impact will accrue when the first tourism/recreational complex opens in the spring of 1971. Adjacent to the Custer Battlefield, this complex is expected to employ some 35 people year round and an additional 75 on a seasonal or part-time basis. Total income from these jobs will be about $150,000.

Other projects will produce future impact. A marina financed by EDA is the first step in the development of the Big Horn Canyon Recreational Area which is projected to employ 300 persons when completed. The water treatment facility is needed to protect the jobs at the carpet mill, and is essential to any expansion of that plant or the establishment of any new

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industrial operations. The meat packing study has not drawn a plant, but plans progress for development of an integrated beef production capability on the Reservation, including the now closed pellet mill, feed lots and a packing plant.

The development program of the Crow Indians lies on a four-sided foundation: agriculture and ranching, tourism, industrial development and mineral resources. The economy of the Reservation has historically been land based. However, most of the agriculture and ranching activities are non-Indian operated under land leases from Indian land owners. The lease arrangements for these lands are such as to place the Indian land owner at a disadvantage in negotiating the lease terms. The tribe is taking steps to modify the lease procedures to improve the position of the Indians in order that they may get more equitable rents and also be able to regain control of their land in less than the five-year period which is prevalent under the present arrangement. In fact, with tribal assistance, the return to Indian land owners has risen noticeably in recent years, but the lease arrangements nevertheless still preclude a favorable negotiating position for most Indian land.

About one million of the 2.5 million acres of the Crow Reservation, as delineated in 1905, have passed out of Indian hands. In order to stop the sale of further lands to non-Indians, the tribe has a land purchase program whereby individual Indians sell their Reservation land to the tribe rather than to non-Indians. Over $2 million have been expended on land purchases by the tribe in recent years.

The main thrust in developing the land potential of the reservation is the tribe's efforts to develop an integrated beef production operation. As envisioned, the local pellet feed mill would supply feed lots with a capacity of up to 50,000 head of cattle, and the locally fattened cattle would be slaughtered and packed for shipping in a local packing plant. A prospect for a packing plant has been contacted and discussions are underway toward the development of this integrated processing capability.

The Custer Battlefield, where General George Custer last stood, draws about 300,000 tourists annually. The recently constructed Yellowtail Dam on the Crow Reservation has created a large reservoir in an area of notable natural beauty. These two attractions will serve as the focal points for two tourist/recreational complexes through which the Crow Indians hope to take full advantage of the tourism potential of the Reservation. The Custer Battlefield Complex will open in 1971. Development of the Big Horn Canyon Recreational Area has begun but full development is several years off. Projections for these developments place employment at over 400 new jobs.

Coal offers the Reservation its greatest potential for dramatic economic growth. The maximum development of this resource would include electrification and gasification plants, as well as coal mines. The goal is to locally produce electricity and natural gas from the coal and transport these power sources rather than the coal from which they are made. Development of the coal fields began in early 1971. Developed to its full potential, construction and operation of mines and plants would generate large numbers of jobs through 1985 (with a high of over 9,000 direct and indirect jobs in 1982) after which operation activities alone would require a work force of 2,500 Royalty income to the tribe is projected at $700,000 in 1972 and, with full development of the resource, may rise to over $6 million annually by 1985. The leadership of the tribe has been working on these developments for several years and the first fruits of their labors are now blooming. The potential is clearly enormous, and it will take enlightened, informed and careful leadership in the future to see that these developments are in the best interests of the tribe. The present leadership seems aware of both the potential and the pitfalls of this process.

Industrial development plans include the packing plant in conjunction with the ranching activities on the Reservation and the expansion of the Big Horn Carpet Mill. The expansion of the mill will be a function of the market for carpets as determined by Mohasko Corporation which has an option to purchase. Depending on this determination, the mill may be closed, continued at its present level, encouraged to expand production, increased in size. The tribe has considered, and will continue to consider and investigate, other industrial opportunities as they are encountered.

The tribal leadership appears capable and energetic. Politics on the Reservation are intense and opposition is not always based on reason. This highly politicized atmosphere is somewhat of an obstacle to progressive leadership. However, the present cadre of leaders seems well entrenched. They are imaginative and far-reaching in their approach to development. For example, rooms at the new motel will be named for Crow families. A family must donate $50 to have a room in their name, and they thereafter have the responsibility of sending Christmas cards to all guests who stayed in that room. As another example, the Tribal Chairman learned that there are over 200 American Indian clubs in Germany. He has contacted Pan Am with respect to arranging tours for members of these clubs to the Reservation and plans a trip to Germany to promote these tours, if details can be worked out.

Tribal relations with neighboring communities are not good. Distrust is manifest on both sides and has proliferated for many years. Some progress has been made in communication on an official level, but mutual trust and cooperation seems unlikely for some time. The tribe has poor relations with the local banks in Hardin and has transferred much of the tribal funds to Billings. A million dollar deposit in a Hardin bank five years back was accompanied with a promise that the bank would hire a Crow. According to the Tribal Chairman, this promise was annually reaffirmed but never kept. He finally had the funds transferred to Billings, where a bank hired several Crows living in that town. The Hardin bank has since refused to cash checks for the Crows.

Tribal relationships with government agencies vary. The tribe seems pleased with EDA and its assistance. They have only good words for the state Economic Development Representative. Their relations with the BIA are not good. Several individuals close to economic development efforts on the Reservation cited the BIA as an obstacle.

C. Recommendations

The Crow Tribe appears to be making significant progress toward economic development under energetic and imaginative leadership. They have a multi-faceted approach to development which is firmly based on available resources. One major development project which was not resource based was the Big Horn Carpet Mill. There is some doubt as to the suitability of this type of work to the Indian temperament. While the employment impact has been substantial, the wage scale is low and the nature of industrial manufacturing employment in many ways is at odds with the Indian disposition. The tribe will have to decide for themselves whether they want further jobs of this type.

In at least one case, the feasibility determination for an EDA project was performed by a firm with a vested interest in seeing the project approved. Although there is not evidence that this assignment was mishandled, the practice has an inherent danger in that the business aims of the firm and the political aims of tribal officials may be short-range, while the impact of the project is a long-range proposition. At any rate, such a practice casts doubt on the findings, even where no basis for such doubt is evident.

The possibilities for the development of the coal fields with accompanying electrification and gasification plants is of a magnitude several times greater than the entire existing economy of the Reservation and the surrounding area. If this development is to take place, huge capital investment by outside corporations will produce a great vested interest in the area on the part of newcomers and outsiders. There seems the danger of the Crow Tribe and other local residents being overwhelmed by this process.

In this and other ventures in the future, the Crow Tribe will have interests in common with the Northern Cheyenne (upon whose Reservation the coal deposits extend) and the non-Indian community of Big Horn County. In general, and especially in a venture of the magnitude of the development of the coal resources, cooperation will be to the advantage of the Crow Tribe. However, communication based on an underlying foundation of trust is necessary for really productive cooperation.

In light of the above, the following recommendations are presented for consideration by the Crow Tribe:

1. Development projects should be considered in terms of the nature of the job opportunities with respect to the Indian population, as well as other economic considerations.

2. Specifically, the future development impact of the coal resources should be carefully investigated with respect to all the economic and non-economic spin-offs possible from so large an undertaking.

3. Feasibility determinations should be made by impartial observers who have no inherent possibility for gain based on the ultimate determination.

4. The Crow Tribe should reappraise its mutual interests with its neighbors and attempt to develop the trust and communication necessary for cooperative action.

B. SETTING AND BACKGROUND

1. Location

The Crow Indian Reservation is located in the south-central section of Montana, bordering Wyoming on the South and the Northern Cheyenne Indian Reservation on the East. The Reservation occupies an area of roughly 2.5 million acres and comprises the major part of Big Horn County, as well as a portion of Yellowstone County. Approximately 4,000 Crow Indians live on the Reservation. The tribal headquarters are located at Crow Agency, as are those of the Bureau of Indian Affairs. Other population centers on the Reservation are Lodge Grass, St. Xavier, Pryor and Wyola. Hardin is located adjacent to the Reservation about 12 miles from Crow Agency and serves as the major service center for the Reservation. Billings is located about 60 miles East of Crow Agency and Sheridan, Wyoming, about the same distance to the South.

2. History

Linguistic patterns indicate that the Crow Indians migrated to their present location from the Mississippi Region through the upper Missouri area and the Red River country in Canada. Once an agricultural people, this migration led to a new way of life based on the buffalo economy. The Crow assumed a nomadic life: that of the horseman, the hunter and the warrior.

In 1925, earlier than most of the tribes in the region, the Crow Indians signed a treaty of friendship with the Government of the United States. An 1851 treaty allocated to the Crows a Reservation area of almost 40 million acres in what are now the States of Montana and Wyoming. A second treaty, in 1868 reduced the Reservation to nine million acres. Subsequently, land cessions to the United States, the State of Montana and the Northern Pacific Railroad reduced the Reservation to its present 2.25 million acres. On this area, only 1.5 million acres still remains in the hands of the tribe or individual tribal members; other lands having been sold to non-Indians.

Until 1876 the life of the Crow was permeated with hostilities with the Sioux and Northern Cheyenne Tribes. After relative peace was attained, whites immediately reorganized the productive nature of the Indian lands and began ranching activities on the Reservation under land lease agreements. Land irrigation began in 1885. A sugar beet construction plant was constructed in 1915 and large acreages of irrigated land were devoted to the production of sugar beets. The Campbell Farming Corporation was formed in 1918 and within five years had 60,000 acres of Crow land in wheat production.

In an attempt to discourage the monopoly of Crow lands by a few operators, a 1920 Act placed a land limitation on the purchase of Crow lands. In subsequent years, however, the limitation was largely ignored and as a result thousands of acres on the Crow Reservation today have clouded titles. The inability to mortgage questionable titles has had an inhibiting effect on economic growth.

The Crow Indian Tribe is one of the few in the United States which never accepted the provisions of the Indian Reorganization Act of 1934. The tribe adopted a constitution in 1948. In town hall fashion, the entire tribe of voting age acts as the official governing body of the tribe with powers sometimes delegated to elected officials and certain committees.

In 1962 the Crow Indian Tribe was awarded a $10 million land claim settlement. Seeking to promote economic development and better the standard of living for tribal members, one million dollars was set aside specifically for investment in economic development ventures and an additional one million dollars was earmarked for land purchases. Using its development fund, the tribe has participated in several ventures with mixed results. There have been both successes and set-backs.

3. Economy and Resources

Traditionally the economy of the Crow Indians has been land based: agriculture, principally sugar beets and winter wheat, ranching and mineral extraction. A resource in timber exists, but is limited both qualitatively and quantitatively. Most recently, the tribe has taken significant steps to tap the latent business opportunities in tourism. The tourist potential of the Reservation is based on (1) the site of the Custer Battlefield where General George Custer had his famous "Last Stand" and (2) a large reservoir created by the recent completion of Yellowtail Dam.

Some 1.25 million of the 1.5 million acres which remain in Crow hands are used for grazing purposes. About one million acres is ranched by individuals, the remaining quarter-million acres is tribally owned. Over 75,000 cattle are shipped out of the Economic Development District (which includes the Northern Cheyenne Reservation),the bulk of these from the Crow Reservation.

In line with the cattle production nature of the Reservation and surrounding area, a pellet mill was started (with EDA assistance) in 1966. This mill closed in early 1971. However, with an eye to a complete beef production capacity, the tribe is pursuing plans for the development of a meat packing plant to slaughter cattle fattened in Reservation feed-lots and fed by pellets produced in the re-opened pellet mill. This integrated operation would allow the full economic potential cf cattle production to accrue to the tribe and the surrounding communities. It is a logical extension of the existing ranching activities on the Reservation.

Agricultural activities account for approximately 250,000 acres of Crow land. Of this acreage, some 40,000 acres are irrigated. The remaining acreage is dry farmed. Principle products are wheat and sugar beets. The sugar beets are grown for processing into sugar by the Holly Sugar Company. Holly has in the past employed a work force of up to 300 for the four to five month processing season in addition to a permanent crew of about 60. Of these employees, about 60 of the seasonal workers were Indians. The company provided farmers of irrigated land in the Big Horn and Little Big Horn Valleys with income totaling some $2.5 million. In addition, about 500 migrant workers were employed for a six-week harvesting season annually. However, in February 1971, the Company announced that it was closing its Hardin Plant. It appears that the operation is inefficient at its present scale and rather than expend some two million dollars to double the plant capacity, the company opted for closure. This loss of the Holly plant will be a major set-back for the area's economy if a new operator cannot be found. Attempts to locate an interested company are under way. The loss to the Crow Indian population is the 60 half-year jobs mentioned above and the lease value of the 4,000 acres in the area, currently used to produce beets, which are Indian-owned. The irrigation program of the Crow tribe is largely based on sugar beet production and will now probably have to be reexamined.

Much of the ranching and most of the agricultural activities on the Crow Reservation are non-Indian operated under lease agreements with Indian landowners. Leases are negotiated for five-year periods by law. Payment to the Indian land owner may be yearly or totally in advance for the five year period. The more usual practice is to take the entire payment in advance. Should the landowner again find himself in need of money during that five year period, he may well approach the leasee and renegotiate for a new five year period. For example, if an Indian landowner has agreed to lease a parcel of land for 1971-75, and has accepted payment, he can redefine the terms of the lease in 1972 making the time period 1972-76 and collect rent for 1976, having already been paid for 1972-75 under the terms of the old lease. In this way, the Indian landowner is always five years away from controlling his own land. He is seldom in a good negotiating position with the leasee since he is bargaining out of need. This lease arrangement has worked to produce less than equitable rents for Indian landowners and also has served as a detriment to Indians retaking control of their land should they so desire. The tribe is working to redefine the terms under which an Indian landowner should lease his land.

Of 117,000 wooded acres on the total Reservation, some 31,000 acres contains timber of commercial quality. Some lumbering has been done on the Reservation, but not a great deal. There exists a potential of about six million board feet a year if this resource were to be fully exploited. However, there is some strong sentiment among tribal members to maintain the serenity of the wooded areas by not engaging in logging operations.

Industrial employment on the Reservation is limited. The Big Horn Carpet Mill employs some 80 Indians. This venture was started with EDA and tribal financial assistance. An arts and crafts guild and a mission account for another 50 jobs. The closing of the pellet mill and the Holly Sugar plant resulted in the loss of about 65 Indian jobs.

Government is a large employer on the Reservation. In 1970, the tribe employed 35 Indians, the BIA employed 61, the Public Health Service employed 46, the Community Action Program (including Neighborhood Youth Corps) employed 105, and federal agencies (Custer Battlefield, National Park Service and the Bureau of Reclamation) employed another 8 Indians. This produced a total of 255 jobs for Crow Indians in the governmental sector of the economy.

There are gas and oil deposits on the Crow Reservation which accounts for some tribal income. Oil has been extracted since 1921, gas since 1929.

However, coal deposits on the Crow Reservation offer the greatest possibility for economic development. Estimates indicate at least five, and possibly as much as 15 billion tons in coal reserves underlie some 330,000 acres within the Crow Reservation. Development of this potentially enormous resource has already begun. Westmoreland Coal, a joint venture, has a contract to supply Commonwealth Edison in Chicago with a large shipment of coal for test runs. This coal is of very low sulphur content (less than one percent) and is therefore superior to Appalachian and other coals from a pollution viewpoint (four percent sulphur emmission is a standard maximum allowed under pollution control laws). Immediate jobs in construction are assured. The total job and income impact projected from the full development of the coal fields (including a "minemouth" power plant to convert the coal to electrical energy and transmit the electricity rather than the raw coal; and also a gasification plant to transform the coal into natural gas) is staggering. According to engineering projections, employment in both construction and operation of mines, plants, transportation and other infrastructure would be 866 in 1971, drop to 179 in 1972 and then rise to 7,743 in 1982, the peak year. After the completion of construction(in 1985) a residual work force of 2,091 would be supported by these operations. With the multiplier calculated by the engineering study of economic impact, the coal industry would support a total of 9,291 jobs in the peak year of 1982 and 2,509 jobs in 1985 and thereafter. Royalty revenue to the tribe is placed at $700,000 in 1972 and rises steadily to $6,490,000 by 1985. The Crow Indian Reservation, with its combination of coal and water (an essential input for the development of the coal fields), represents one of the foremost coal, power and hydro-carbon products potentials in the United States. According to the engineering report, its ultimate development is quite inevitable. Given the magnitude of the present economy of the Reservation and the Hardin area, the development of the coal resources of the Crow would be overwhelming.

The other main thrust in economic development is the tourism sector of the economy. The Custer Battlefield on the Reservation draws approximately 300,000 tourists annually. The tribe each year performs a reenactment of Custer's Last Stand to a throng of tourists. However, except for one small motel, the nearest accommodations for these visitors are in Hardin, about 14 miles from the Battlefield Monument. In order to tap this potential resource, the tribe applied for and received EDA assistance for a motel complex which includes a Heritage Park and a grandstand for rodeos, horse races and other tourist-related activities. This motel will open for the 1971 tourist season. It is expected to employ 35 Indians full-time and some 75 others either part-time or seasonally. The second large tourist-oriented development is a marina on a reservoir behind the recently constructed Yellowtail Dam. A motel/lodge is to be added to this complex later creating a self-contained recreational area. Ultimate employment from this complex is projected at 300.

4. Tribal Government

Unlike most Indian tribes in the United States, the Crow tribe never adopted the governmental form suggested by the 1934 Indian Reorganization Act. The tribe adopted a written constitution in 1948 which established a town hall form of government. Under this constitution the tribe is governed by a general council on which every tribal member of voting age (21 for men and 18 for women) is a member. One hundred or more tribal members constitute a quorum at general council meetings. These meetings are held quarterly, more often if necessary. This council has the authority to represent, act and speak for the tribe in any and all matters to promote the general welfare of the tribe and its members.

Every two years the tribal council elects a Chairman, a Vice-chairman, a Secretary and a Vice-secretary. The tribal council has provided for the election of committees in several fields, including an executive committee. Powers can and are delegated to elected tribal officials and these standing committees. The Reservation is divided into six districts (the off-Reservation Crows constitute a seventh district) and each district is entitled to membership on each committee.

The tribal leadership is young and aggressive. Edison Realbird, now in his third term as Tribal Chairman, is the first chairman ever to serve more than one term. Politics on the Crow Reservation, however, are quite fierce. The tribe is informally divided in two political parties. The division between these groups is largely a function of family and clan ties and not really issue-oriented. The function of the opposition is to oppose, and not necessarily on ideological or philosophical grounds. The group headed by Mr. Realbird seems fairly well entrenched at the moment, but the opposition tends to fight him and his associates at every turn. At stake is a great deal of patronage on the Reservation. All key positions within the tribal and Federal programs are held by members of the Realbird contingent. Realbird, who is also the first chairman who is college-educated, seems manifestly capable of handling his position. He is imaginative in his approach to tribal problems and has almost a visionary concept of the destiny of the modern day Crow Nation. He has been criticized for a lack of follow-through on some projects and for his obvious political nature. However, no one seems to doubt his sincerity in his endeavors to promote economic development and improve the standard of living of the Crow people.

5. Community Development

The Crow Indian Tribe has had a Community Action Program since 1966. The CAP program includes components in education, community health, and economic development. The latest CAP budget was on the order of $250,000 in basic grants, another $250,000 for Headstart, and $75,000 for summer programs. In addition, the tribe has a Neighborhood Youth Corps program which is not administered by CAP. Total employment under the Community Action Program exceeds 100 year round and 150 during the summer months. These employees are currently 90% Crow Indians (compared to 0% in 1968).

The tribe has made great strides in adequate housing for tribal families. Over $4 million of a $10 million 1962 land claim settlement from the government was allocated to the tribe's Family Plan Program. Included in these funds was $1,000 per Crow family earmarked for the "permanent economic and/or social improvement" of the family. A large portion of these funds went into housing production and improvement. With money from this fund, and from the BIA and HUD, 311 homes have been constructed, 270 substantially improved and 66 purchased from 1962 to 1970. This is a total of roughly 650 homes for a total population of 700-800 families.

Great progress has also been made in education, According to the Tribal Chairman, the school dropout rate has been reduced from 44 percent to 13 percent during the past decade, while the number of Crows attending college has increased from five to an expected 140 by the Fall of 1972. BIA figures substantiate these claims.

The Public Health Service operates a 34-bed hospital at Crow Agency for the Crows and the neighboring Northern Cheyennes. The number of Indian employees in the hospital has increased noticeably in recent years.

6. Planning

Planning activities on the Reservation have been largely funded by EDA through a district planning grant. A discussion of these activities appears below in the project-by project analysis.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Crow Indian Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Industrial Park	07-1-00416	1966	$ 240,800	$
b. Tourist/Recreation Complex				
1. Lodge, Restaurant, etc.	07-1-00532	1968	411,000	359,000
2. Supplement	07-1-00532-01	1970	33,000	
3. Grandstand, parking, etc.	07-1-00533	1968	606,400	76,000
c. Youth Summer Camp				
1. Physical facilities	07-1-00534	1968	290,400	
2. Supplement	07-1-00534-01	1969	34,000	
d. Water Treatment Facility	07-2-00659	1970	159,300	64,000
e. Recreation Area	07-1-00661	1970	294,000	100,000
TOTAL APPROVED			$2,068,900	$ 599,000
2. BUSINESS LOAN PROJECTS				
a. Alfalfa Plant	07-3-00437	1966		352,000
b. Carpet Mill	07-3-00455	1967		715,000
TOTAL APPROVED				$1,067,000
3. TECHNICAL ASSISTANCE PROJECTS				
a. Meat Packing Study	07-6-09094	1967	2,500	
b. Water System Study	07-6-09287	1970	2,500	
TOTAL APPROVED			$ 5,000	
4. PLANNING GRANTS				
a. District Planning Grant				
1. 12-month grant	07-5-11009	1968	15,000*	
2. 12-month grant	07-5-11009-01	1969	16,000*	
3. 9-month grant	07-5-11009-02	1970	11,000*	
4. 12-month grant	07-5-11009-03	1971	15,000*	
TOTAL APPROVED			$ 57,000*	
TOTAL APPROVED - ALL PROJECTS			$2,130,900	$1,666,000

*prorated as one-third of total District grant

Detailed discussion and analysis of each project follows:

1. PUBLIC WORKS PROJECTS

a. Industrial Park, Project No. 07-1-00416, 1966.

In its search for industrial development, the Crow Indian tribe sought EDA assistance in 1966 for the development of an industrial park facility. The tribe had long realized the need for employment opportunities for the tribal members in order to improve the standard of living on the reservation. In 1962, the Crow were awarded a $10 million land settlement from the U. S. government. One million dollars of this money was set aside to foster economic development and the Crow Industrial Development Commission was established to handle the task.

Part of this fund was used to assist U. S. Automatics to establish a plant on the reservation. In conjunction with this effort, the Commission requested EDA funds to build an industrial park incorporating the U. S. Automatics plant. This 45-acre site was provided with power, natural gas, water and sewage facilities plus paved streets and rail loading facilities. It was originally divided into nine sites in addition to the land used by and reserved for expansion of U. S. Automatics.

The project was funded in 1966 with financing as follows:

EDA Direct Grant	$150,500	(50%)
EDA Supplemental Grant	90,300	(30%)
Total EDA Contribution	$240,800	(80%)
Applicant's Funds	60,200	(20%)
Total Project Cost	$301,000	(100%)

The project was completed as envisioned, but U. S. Automatics went bankrupt, wiping out the expected job impact from that firm of 30-45 jobs at full production capacity.

After the loss of U. S. Automatics, the Crow Industrial Development Commission contracted with Big Horn Carpet Mills to take over the U. S. Automatics building, and in 1967 received a $715,000 EDA business loan to construct a larger primary plant to produce tufted carpets. Big Horn ran into operational and financial difficulties and was forced to contract with Mohasko Corporation (Mohawk Carpets) to take over management of the plant. A full history of this venture is included below under discussion of the business loan to the Industrial Development Commission for the Big Horn Carpet Mill plant.

No other industries have been drawn to the industrial park. Big Horn has a lease on the original U. S. Automatics site plus six of the original nine lots plotted for development.

The Big Horn Carpet Mill employs 80 Indians (25 women and 55 men) plus about 10 non-Indians. The annual payroll is approximately $350,000. The prospects for the future are dependent on several factors (which are fully discussed under the business loan). They range from closing down the plant to increasing its capacity significantly. In the first case, all employment would be lost. In the latter case, upwards of 300 persons could be employed with a payroll of $1 million per year.

The utilities installed to service the industrial park have opened up a whole new section of Crow Agency for possible development. To date, some 40 Mutual Help housing units have been constructed in this area. All utilities to these housing units are provided by lines which serve the park.

b. Tourist/Recreation Complex
   1. Lodge, Restaurant, etc, Project No. 07-1-00532, 1968.
   2. Supplement, Project No. 07-1-00532-01, 1970.
   3. Grandstand, parking, etc., Project No. 07-1-00533, 1968.

With an economic base largely founded on agriculture, the Crow tribe has sought to diversify their economy by utilizing other resources available to them. One of these resources is the Custer Battlefield, which is on the Crow Reservation about a mile from the Crow Agency. This is the site of Custer's famous "last stand" and draws upwards of 300,000 tourists annually. Each July, the Crow tribe reenacts the famous battle as a tourist attraction.

Except for a small motel across the road from the battlefield, the nearest accommodations for tourists to this historic site are in Hardin, about 14 miles to the East. The great number of tourists visiting the battlefield do not stay very long nor spend very much money on the Crow Reservation. To exploit the tourist potential, the tribe developed plans for a motel and tourist center which would offer the tourist both a place to stay and additional activities as an incentive to do so.

Originally financial assistance in the form of a technical assistance grant was sought from EDA to determine the economic feasibility of this project. The EDA funds were approved, but later decommitted when a Billings architectural firm agreed to perform the work for the tribe for free. The project was deemed feasible and EDA public works funds were sought and granted. The architectural firm which had performed the feasibility study and later assisted with the EDA application was awarded the contract for architectural services for the project.

The complex was processed by EDA as two projects, one including the profit-producing components of the complex, the other the supportive infrastructure. Different grant rates were applied to the two projects.

Project No. 07-1-00532 provided funds for the construction of a 60-unit lodge including a restaurant and bar, and a Teepee Village. The Teepee Village will be a living Indian community depicting the traditional community life of the Crow. Whole families will reside there as a living exhibit of tribal life a century ago. Funding for this 1968 project was as follows:

EDA Direct Grant	$411,000	(50%)
EDA Loan	359,000	(44%)
EDA Total Contribution	770,000	(94%)
Other Funds	52,000	(6%)
Total Project Cost	$822,000	(100%)

In 1970, $33,000 in supplemental funds was granted to the tribe to complete the project.

Project 07-1-00533 provided funds for a grandstand which seats some 3,000 spectators, parking areas, concessions, roads and utilities. This component of the complex was funded in 1968 as follows:

EDA Direct Grant	$379,000	(50%)
EDA Supplemental Grant	227,400	(30%)
EDA Loan	76,000	(10%)
Total EDA Contribution	682,400	(90%)
Other Funds	75,600	(10%)
Total Project Cost	$758,000	(100%)

The total project cost for both components is summarized below:

EDA Grants	$1,050,400
EDA Loans	435,000
Total EDA Contribution	1,485,400
Applicant's Contribution	127,600
Total Complex Cost	$1,613,000

A full-time manager of the project was hired to oversee the construction phase with anticipation of receiving a management contract for operation after completion. The project will begin operation in late May, 1971, about a month behind schedule. The lodge has affiliated with Best Western Motels. The manager is negotiating a contract with the tribe. While he has no direct hotel/motel management experience, he had worked for 25 years as a management executive with J. C. Penney and Sears/Roebuck, and has attended the La Salle University for hotel executive training.

The Crow Reservation has an ordinance against the sale of liquor and the tribe must pass a referendum to allow the bar to operate. This issue will be put to a vote in the near future, and passage is not assured. The operation of the bar, according to the manager, may be the difference between profit and loss from the total venture.

In preparation for the opening of the hotel, a Spring 1971 training course was scheduled for some 35 Indians. This is funded with MDTA funds and administered by the Montana State Employment Service.

As this project is only about to go into operation, there has been no impact to date. Anticipated impact for 1971 includes 35-37 jobs at the lodge for the tourist season and some 25 in the off-season. The budgeted payroll is $127,000 in salaries for these people.

Other parts of the complex, excluding the grandstand, will employ about 50 people for the season only (June to early September) with a payroll of some $25,000.

The grandstand will be used for various events and generate income proportional to the degree of use. The tribe is working toward three nine-day racing seasons which would employ some 45 persons for the period. Window men earn about $10 a shift during the racing season. To operate horse racing, pari-mutual machines and operators would be hired with the tribe receiving a percentage (16-18%) of the gross over and above a guarantee. Additionally, the grandstand will be used for rodeos and horse shows. Totally, these shows would generate about a month's work for 80 individuals.

Future plans include a riding concession to be granted to a local Indian, and there is also the possibility of a summer theater in conjunction with a university. Heritage Village, part of the complex, has a 960 seat amphitheater which could be used for this purpose.

c. Youth Summer Camp
  1. Physical Facilities, Project No. 07-1-00534, 1968.
  2. Supplement, Project No. 07-1-00534-01, 1969.

In 1963, the Crow Indian tribe established a summer camp for tribal adolescents, especially those with problems resulting from poverty and/or poor home environments which manifested themselves in poor school performances and problems with the legal authorities. The program ran for six to eight weeks in duration and served approximately 60 boys from 13-18 years of age. The stated objectives of the camp programs were to: "(1) reduce the school drop-out rate to less than 10%; (2) raise the academic level of those attending the camp; and (3) introduce Indian youth to the industrial world of competitiveness, timeliness and discipline, while substantially reducing the juvenile delinquency rate."

Evidence of progress toward these goals was manifest in the early years of the program and the tribe sought EDA assistance to expand the physical facilities of the camp in order that the program could be expanded to include more youth, including girls.

The project was approved in 1968. Funding was as follows:

EDA Direct Grant	$181,500	(50%)
EDA Supplemental Grant	108,900	(30%)
Total EDA Contribution	290,400	(80%)
Applicant's Contribution	72,600*	(20%)
Total Project Cost	$363,000	(100%)

*In-kind land contribution $70,000, cash contribution $2,600.

An additional supplemental grant of $34,000 was approved in 1969, bringing the total EDA contribution to $324,400.

The project called for the construction of dormitory space for 150 youth, staff cottages, a first-aid station, a crafts and classroom building, a warehouse, additional kitchen facilities, outdoor sports and recreational areas, plus the necessary utilities. The camp is located about 60 miles from Crow Agency in the Big Horn Mountains.

This project was completed on schedule and was used for the first time during the summer of 1970. However, the additions to the kitchen and the outdoor recreational facilities were not constructed.

During the 1970 season, two sessions were held at which almost 200 10-16 year olds attended. A five week session had an enrollment of 109 boys while a subsequent three week session enrolled 88 girls. Additionally, about 20 16-18 year old Neighborhood Youth Corps enrollees made some use of the facility. The staff and payroll figures for the camp were as follows:

1 director	$1,500
5 teachers @$500/month	5,000
4 work-study college students @$250/month	2,000
1 first aid man @$500/month	1,000
2 cooks @$425 (average)/month	1,700
2 VISTA volunteers - no direct cost	0
15	$11,200

One teacher and all of the remainder of the paid staff were Indians. The program was understaffed due to budget constraints, but nevertheless the payroll was some $4,000 greater than when the camp had operated at a smaller scale without the EDA-financed facilities. Funding comes from the tribal coffers and the BIA. The Public Health Service provides the first aid man and the Community Action Program one teacher. For the summer of 1971, the same enrollment is expected, but a larger staff is contemplated. The capacity of the camp is 150 enrollees per session.

No thorough follow-up has been made to evaluate the effect of the camp on adolescent attendees, but personnel involved feel that the goals of the program are being met.

d. Water Treatment Facility, Project No. 07-2-00659, 1970.

The Big Horn Carpet Mill established itself in business with the assistance of an EDA business loan in an industrial park financed by EDA funds. The industrial park was planned and developed with sewage lagoons capable of handling normal industrial waste products. The carpet mill however, was an abnormally heavy water user, the water being used to dye carpets. The dye-laden water presented a severe sewage problem which taxed the capacity that existed to handle industrial wastes.

The EDA economic development representative for the State of Montana was contacted for assistance with this problem. He suggested a Federal Water Pollution Control Administration grant with supplemental financing from EDA. The FWPCA grant was secured and EDA contributed a supplemental grant and loan. Financing was as follows:

FWPCA Basic Grant	$ 95,700	(30%)
EDA Supplemental Grant	159,300	(50%)
EDA Loan	64,000	(20%)
Total Project Cost	$ 319,000	(100%)
Total EDA Contribution	$ 223,300	(70%)

This project was approved by EDA in 1970. Work has not yet begun on the facility as the technical problem of dealing with the carpet dyes has not been solved. The Montana State University is working on this problem. It is not known as of now whether the final engineering solution will be achieved within the approved funding range.

As this project has not yet materialized, it has not yet produced impact. Its potential impact would be to save the 90 or so jobs at the Big Horn Carpet Mill and allow for future industrial development of the carpet mill and other future plants.

e. Big Horn Canyon Recreational Area, Project No. 07-1-00661, 1970.

In 1965, the firm Ernst and Ernst conducted a study for the Crow Tribe which evaluated the development potential of tourism as an industry for the Reservation. This report recommended two main areas for such development. One was in conjunction with the Custer Battlefield which draws in the neighborhood of 300,000 tourists annually. (This project was largely funded by EDA and will go into operation in the Spring of 1971. It has been discussed above.) The second main thrust of the development of the Reservation' tourism potential was the Big Horn Canyon Recreational Area.

Several years ago the U.S. Bureau of Reclamation constructed Yellowtail Dam on the Crow Reservation creating a large reservoir behind it. The recreation complex as planned has two basic component parts, a marina and launching ramp and a lodge. The marina is to be located a mile from the dam, the lodge on a high plateau which over-looks the lake and is two miles from the marina. Ultimate employment for the entire recreational area was projected by Ernst and Ernst at 300 with an annual payroll of $250,000 plus $30-50,000 additional income in tips. The recreational area is to be developed in conjunction with the National Park Service.

This EDA public works project represents the first phase of the Big Horn Canyon Recreational Area development. It calls for the construction of a recreational boat marina with 200 slips, a campground area, lockers, a snack bar with kitchen facilities, tackle and boat repair shops, swimming area, and a visitors' shelter at the viewpoint. The Park Service will provide the roads and utilities. The second phase, the lodge above the lake, is still in the planning stage and a future request for EDA assistance is likely.

This approved project is projected to generate about 50 jobs for the Crow people. The project was funded in 1970 as follows:

EDA Grant	$294,000	(60%)
EDA Loan	100,000	(21%)
Total EDA Contribution	$394,000	(81%)
Other Funds	96,000	(19%)
Total Project Cost	$490,000	(100%)

While engineering problems have proven greater than expected, the project is now under construction. Originally the National Park Service claimed it had no funds for campgrounds, but it now appears that funds may be available. Should the Park Service construct the campgrounds, the EDA contribution to the project may be reduced accordingly. No permanent income impact has yet resulted from the project.

2. BUSINESS LOAN PROJECTS

a. Alfalfa Plant, Project No. 07-3-00437, 1966.

The economy of the Crow Reservation and the Hardin area is largely based on agriculture and ranching. As alfalfa can be made into cattle feed, a pellet feed mill is more or less a natural addition to the economy of the area.

A proposal for a business loan to construct a pellet plant was submitted to EDA by Crow Industries, Incorporated in 1966. Crow Industries was not an Indian group, but a firm formed by three residents of Hardin. One was a principle in the Campbell Farming Corporation, the largest agricultural operation in the area and one of the largest in the State of Montana. Campbell does much of its farming on Indian land and the individual involved had kept himself abreast of government programs on Indian reservations. An arrangement was made for the Purina Corporation to run the plant but after reconsideration, Purina backed out. Crow Industries went ahead nevertheless assuming the management function on its own. The BIA endorsed the project and EDA approval was granted. The loan was for $352,000. The local bank contributed an additional $121,000 and the Crow Tribe $56,000.

The plant operated until January 1971 at which time it went bankrupt and closed down. There were a number of complications between the plant owners, EDA and the Tribe. The owners never met EDA requirements such as getting EDA approval of plans. There was never a title check on the land, a tribal condition for its contribution. The conditions attached to the tribe's financial assistance were never met but the BIA Superintendent transferred the $56,000 in tribal funds anyway. The tribe has a suit against him pending to recoup this loss.

The failure of the plant was due to a combination of poor management and a poorly designed plant. There is the possibility of reopening the facility under new management and ownership. Two large grain producers are interested. The plant would also serve in combination with a feed-lot for cattle and a meat packing plant.

While in operation the plant employed 14 workers, four of whom were Crow Indians. The Indians, however, were not in supervisory positions. These jobs are lost unless new owners can be found to take over the plant.

There is potential for developing the Reservation beef production to a degree greater than is presently being attempted. This would involve producing cattle feed in the pellet plant, fattening the cattle in a locally developed feed lot, and slaughtering the cattle in a local packing plant. This would be a complete beef production operation and the pellet plant would be contributory to this development. Progress toward such an integrated operation is being discussed at present on the Reservation.

b. Carpet Mill, Project No. 07-3-00455, 1967.

In 1966, the Crow Tribe received assistance from EDA for the construction of an industrial park adjacent to and including an existing factory owned and operated by U.S. Automatics Corporation, which manufactured electronic components. U.S. Automatics declared bankruptcy shortly after the plans for the park reached fruition leaving a small industrial plant in the hands of the tribe.

A group of California investors desirous of establishing a carpet manufacturing plant was contacted with the assistance of the BIA and arrangements were made to bring the plant to the Crow reservation. The U.S. Automatics building was far too small for the newly formed Big Horn Carpet Mill, Inc. and a new facility was needed. By this time, after experience with the industrial park, the tribe was familiar with BIA programs and sought an EDA business loan for this new plant. In 1967, EDA made a loan of $715,000 toward the $1,100,000 needed to construct and equip the new plant. The remaining funds came from tribal coffers and a commercial bank loan. The smaller U.S. Automatics plant was also turned over to Big Horn Carpet Mills to be used for cutting samples and storage. The new company agreed to a 25-year lease of the facilities.

The California group of investors was led by an individual with experience in the carpet business, but not in the manufacturing end. Plagued by insufficient capital, poor quality products as the "bugs" were worked out of the factory and machinery, and a lack of a distribution and sales component to the operation, the group was soon in economic trouble. In 1968, about to go under, the firm contacted Mohasko of Amsterdam, New York (Mohawk Carpets), to take over the plant. Mohasko agreed to a three-year management contract with an option to buy at the end of that period. Mohasko took over in 1969 and loaned the fledgling operation $550,000 immediately. It has since extended an additional $350,000 in loans to Big Horn.

Mohasko has operated the plant for Big Horn Carpet Mills since 1969 and has a little over a year remaining on its management contract. The plant produces a limited line of carpeting at the less expensive end of the carpet quality scale. Its market is the U.S. west of the Mississippi River. The labor force consists of about 80 Crow Indians (25 women and 55 men) and 10 non-Indians The annual pay roll is roughly $350,000. Wages are at about $2 an hour for production workers and a full year's employ will produce an annual income of some $4,000.

Mohasko would like to take their option to buy but there are a number of problems which first must be ironed out:

(1) Facility Inadequacies: The plant is too small. It generates insufficient quantities of carpeting to absorb the overhead. It also lacks sufficient storage space. The manager estimates that it would take a building three times the size of the existing one to efficiently produce twice the output. Also the building has several construction and/or design faults which hamper efficient operation. The California group which started the plant had never been in the carpet manufacturing business and the architect who designed it had limited industrial architecture experience. Consequently, the equipment, building and layout all have their drawbacks. The building was constructed 18 inches below ground level and is subject to flooding in the Spring. The equipment, which is all from the Singer Corporation, was poorly installed. (The manager believes that Singer makes the best tufting machinery, but Mohasko never would have built a plant with all Singer equipment since other components of superior quality are available from other manufacturers.) The roof has only two drains where it should have six and therefore sometimes leaks. The parking lot is not paved and is virtually a sea of mud much of the year. Also, the drains for the dying vats are higher in elevation than the bottoms of the vats and the waste water must be pumped up to be drained out.

(2) Water and Sewage Inadequacies: There are problems with the sewage and water capacity of Crow Agency to meet the needs of the factory as it stands. Any expansion, including increasing the existing operation from two to three daily shifts, would over-tax these utility systems. The sewage system is scheduled to get a treatment plant to handle the dye-laden water of the carpet factory. This project, largely financed by EDA, will be started when technical problems of treatment are solved. The water problem has also been recognized. The tribe, again with EDA financial assistance, contracted for a water study. They are deciding how to proceed to insure adequate supplies of water. In addition to the plant, there have been a number of housing units and commercial/recreational facilities adding to the burden of the existing water supply system.

(3) Labor Force Instability: A reliable labor force has proved to be another problem in operating the plant. Absenteeism is high (5%), especially on Mondays (10%). Personal matters come before formal work responsibilities. The workers are capable, but unreliable. A carpet factory such as the Big Horn facility can afford no more than 3% of output as seconds. While the rate was as high as 20% when the factory was first put into operation, it has since achieved an acceptable rate of less than 3% seconds. Replacing workers is a hit-or-miss proposition because the chances of the replacement having a more responsible attitude toward work are not great. Of his work force of about 80 Indians, half are considered "reliable workers."

(4) Cultural Constraints: Crow Indian culture is very egalitarian. Several Indian personnel have been promoted to foremen (there are three at present) but there is a basic reluctance among the Indians to tell each other what to do. The "boss-worker" relationship is repugnant to the Indian personality. Supervisory Indians will be needled by the workers because of their position. Furthermore, the culture does not promote the attainment and demonstration of superior wealth, but rather a sharing of wealth among all. Consequently, there is not a high social incentive to "excel" and "get ahead."

(5) The critical factor in the continuance of the Big Horn plant, however, is not the physical facility, infrastructure, or the labor force and its culture. The critical factor which will determine whether or not Mohasko picks up its option to buy will be their determination of the potential profitability of the plant. At present, the plant is operated outside of the Mohasko group. (The company has several plants, in New York, the South and in Mexico.) It is more or less treated as a favorite son. It has been running in the black recently. Except for last month, the plant showed a profit every month since last summer. However, the plant is able to produce profits as things stand only because of its special status with Mohasko. Corporate overhead for styling, sales, advertising, technical assistance, etc., is borne on a proportional basis by each Mohasko plant. The Big Horn Carpet Mill, however, has had the advantage of these corporation-wide services without their being charged to the plant. If these costs were considered in the determination of profitability, Big Horn would not show as a profit-producing venture. If the plant

is to be bought by Mohasko, it will have to be profitable while bearing at least some of these corporate costs.

The major factors in the determination of profitability are the market for carpeting and the level of competition. While the EDA loan is at a rate less than the market rate, this is no great benefit in the carpet industry. The competition is mainly in the South (Georgia, Tennessee, South Carolina) and it is not uncommon in that area for industry-seeking communities to provide a prospective mill with a fully equipped plant, at no cost to the mill operators. A below-market interest rate is a small favor when the competition is receiving free plants.

The plant presently aims for a production of at least 30,000 square yards of carpet per week. It operates on an order basis and does not accumulate inventory (partially because of space limitations and partially because this inventory often must later be "dumped" on the market at a loss to reduce carrying costs). To continue operating the present plant (without expansion), Mohasko would have to feel relatively certain of either (1) a constant market warranting production of 35,000 square yards a week, or (2) a reduced level of overhead. If the first condition cannot be met, Mohasko will probably close down unless it can renegotiate the Big Horn arrangements with the tribe and EDA. Lower loan payments (presently about $100,000 per year) and a lease for less than the remainder of the 25-year Big Horn lease period are likely requests.

On the other hand, expansion is a real possibility if the market warrants. The manager estimates that it would cost $3 million to double the capacity of the present plant. The decision to expand would be contingent on market conditions.

The prospects for the future, therefore, are variable. A poor market could lead to Mohasko not taking its option to buy the plant, whereupon the facility will likely be closed. It may continue at a 35,000 square yards a week output with a labor force of about 100 and an annual payroll of about $400,000. It may expand to three shifts (45,000 sq.yds.) with 120 employees and a $480,000 payroll. Or, should market conditions warrant, the plant could be expanded greatly, with employment conceivably as high as 300 with an annual payroll in the neighborhood of $1.2 million.

3. TECHNICAL ASSISTANCE PROJECTS

A. Meat Packing Study, Project No. 07-6-09094, 1967.

Ranching and cattle activities comprise the largest segment of the Crow economy. About 1.25 million acres, or over 85% of the Reservation, is used for grazing purposes. Given this base, meat packing is a logical expansion of the local economy. With this in mind, the Crow Tribe applied for EDA funds under the technical assistance program for a feasibility study for a meat packing plant. A grant of $2,500 was approved in 1967.

The study was conducted by Donald B. Erickson of Kansas State University. The final report, dated December 1967, reviewed the cattle industry in the United States, Montana and the Billings area. It concluded that the 175,000 head of cattle available annually in the Hardin area were sufficient to support a meat packing plant processing 60,000 to 80,000 head of cattle a year, the recommended level for the plant. Profit levels at various output levels were projected. Capital investment required for various size plants was documented and equivalent amounts of working capital suggested as a "rule of thumb". It was forecasted that a plant of the size recommended would employ 32 workers with a payroll of $200,000. Savings in transportation costs (meat is less expensive to ship than cattle) were estimated at $300,000. The total impact to the area was projected at "at least $1,000,000." It was suggested that the most feasible manner of establishing such a plant would be through a franchise arrangement with an established meat packer.

Based upon the results of this study, the current "plan" of the Crow is to create an integrated beef production operation on the Reservation. This would include the reopening of the now closed feed pellet mill (discussed above), the establishment of feed-lots to fatten local herds, and a meat packing plant in which cattle would be slaughtered and beef packed for shipment.

Several major firms such as Armour and Swift were approached to establish a plant on the Reservation but they were not interested. However, a Minneapolis-based meat packer has sold his Minnesota plant and is interested in establishing an operation in Montana. Plans for a Billings plant went astray and this individual is now seriously discussing the possibilities of a plant on the Reservation with the tribe.

B. Water System Study, Project No. 07-6-09287, 1970.

As discussed above, the Big Horn Carpet Mill is a large user of water. A contemplated third daily shift would tax the existing water system to its capacity. Expansion of this plant and/or the attraction of future industrial plants to Crow Agency is dependent on an expanded water supply.

Cognizant of the need for a greater supply of water, the Crow Tribe requested and was granted EDA funds for a technical assistance project to analyze their water problem. This project was approved in 1970. EDA provided $2,500 for the study which was conducted by Morrison-Maierle, Inc., a Montana engineering firm with offices in Helena, Billings and Butte.

The study put forth four plans of varying magnitudes to increase the water system. Two plans focused on the future needs of the Hardin Crow Agency and the rural areas around each. One of these was a more extensive covering of the area east of Hardin whereas the other was not. A third plan focused on the Crow Agency and the area along the water route from Yellowtail Dam. The fourth plan was the most modest in scope and only addressed the needs of the Crow Agency. The report suggested EDA financing at an 80% grant rate.

The report was submitted dated July, 1970. To date there are no firm plans to increase the water supply to Crow Agency. EDA assistance will be sought for the eventual project. Plans for supplying coal fields with water on the northern section of the reservation may eventually dovetail with plans to increase the water supply to the Crow Agency.

There has been no impact of this project to date. Possible future impact includes the expansion of the operation and physical plant of the Big Horn Carpet Mill and/or the attraction of additional industry to the Crow Agency with accompanying job opportunities and generated income.

4. PLANNING GRANTS

a. Big Horn Economic Development Corporation
   1. 12-month grant, Project No. 07-5-11009, 1968
   2. 12-month grant, Project No. 07-5-11009-01, 1969
   3. 9-month grant, Project No. 07-5-11009-02, 1970
   4. 12-month grant, Project No. 07-5-11009-03, 1971

With the impetus coming from the Superintendent of the Bureau of Indian Affairs of the Crow Reservation, a meeting was held in May 1967 at which it was agreed that the Crow Indian Tribe, the Northern Cheyenne Indian Tribe, and Big Horn County (represented by the Hardin Chamber of Commerce) would join together to form the Big Horn Economic Development Corporation and seek financial assistance from the Economic Development Administration in order to establish and carry out a planning program for the District. An EDA representative was in attendence at this meeting.

Application was made by the Corporation and approved by EDA in 1968. Assistance has been continuous since this first grant. While the EDA contribution has been relatively constant, the local contribution has increased and the percentage of the total cost of this program borne by EDA has therefore decreased. The funding history of the program is as follows:

		Local Contribution		
Date	EDA Grant	Cash	In-kind	Total
1968	$ 46,000 (75%)	$ 2,400 (4%)	$13,030 (21%)	$ 61,430
1969	47,500 (74%)	2,550 (4%)	14,516 (22%)	64,566
1970 (9 mos.)	33,844 (65%)	2,925 (6%)	14,867 (29%)	51,636
1971	45,168 (65%)	3,500 (6%)	20,170 (29%)	68,838
TOTAL	$172,512 (70%)	$11,375 (5%)	$62,583 (25%)	$246,470

The Big Horn Economic Development Corporation is a non-profit corporation organized under Montana State Law. Each of the three component member units has three persons on the nine-man Board of Directors. The County representation is further defined so that its three directors are in turn representatives of the County Board of Commissioners, the City Council of Hardin, and the Hardin Chamber of Commerce.

The staff specified in the initial grant consisted of an executive director, a development specialist for each reservation, and a secretary. The 1969 grant added a part-time secretary and the 1970 grant a part-time planner to the staff.

The executive director is appointed by the Board of Directors. According to the grant application materials, the director then appoints the development specialists subject to the approval of the Board and EDA. In fact, the tribes have firmly controlled the selection process and have dictated the personnel to fill these positions. Both the former and present director have publicly expressed dissatisfaction with the inability to choose their own staff.

The original executive director of the program was Willard "Gus" Raines. Mr. Raines was a Crow Indian and local rancher. He was highly thought of by those who worked with him and for him. Unfortunately, Mr. Raines was killed in an automobile accident in 1970. The development specialist for the Northern

Cheyenne served as Acting Director for a several month period until a new director was appointed. The Board chose Stanley Stevens for the directorship and he has been in that position since November 1970. Mr. Stevens is of Crow ancestry and had been serving as the economic development specialist for the Crow Tribe under the Community Action Program. Mr. Stevens lives in Billings and commutes to Hardin. He has a degree from the University of Montana and has business experience in pharmaceuticals and with the telephone company.

The Crow development specialist is Mrs. Eloise Pease, a member of the tribe. Mrs. Pease has long been active in tribal affairs and has served on many committees under the tribal General Council including the Industrial Development Committee. She has held her present position since the establishment of the program.

The original planner for the Northern Cheyenne was John Andrews, a graduate of the University of Denver and a non-Indian. Mr. Andrews served in the position from the establishment of the program. He served as acting director after the death of Mr. Raines. He had applied for this positon on a permanent basis but was not chosen by the Board, In light of this and the Northern Cheyenne's desire for a tribal member in the position of development specialist for their Reservation, Mr. Andrews resigned and took Mr. Stevens' old job as CAP economic development specialist for the Crow Tribe. He was replaced by Robert Bailey, a member of the Northern Cheyenne Tribe, in December 1970.

The office accommodations for the planning program leave much to be desired. A local automobile agency has granted space in Hardin which serves as the headquarters for the program. These facilities include a large office for the director and an outer office for the secretary. The development specialists spend much of their time at the reservational headquarters. In neither case do they have assigned office space. Therefore, when at tribal headquarters, the development specialists work where they can find a vacant desk or table and when in Hardin, they use a large table in the director's office. The lack of a fixed location not only affects their ability to do their jobs, but also makes communication among the staff members and with outsiders a hit-or-miss arrangement.

Historically, the Crow and Northern Cheyenne Indians have not gotten along together. The hostilities between the tribes date back over a century. Today the friction between the tribes is heightened by the greater progress experienced by the Crows as a result of their superior resources, geographic location, capital wealth and tribal leadership.

Traditionally, the relations between both reservations and the white community in the area have not been based on mutual respect and cooperation. Indian resentment of their treatment by the whites and white prejudicial attitudes toward Indians are manifest in this area of Montana. The planning program of the Big Horn Economic Development Corporation began with this background of a century of hot and cold war between its tripartite constituency.

A century of sentiments and interaction of a largely negative nature clearly could not be overcome in less than three years. The Crow Indian Tribe has dynamic leadership and a number of development projects either in operation, under construction or on the drawing boards. They have made notable progress in development efforts and the sense of pride and accomplishment permeates their leadership. The Northern Cheyenne, by contrast, have made little progress toward economic self-sufficiency. The Crows pursue their goals vigorously but usually independently of the Economic Development Corporation. The tribe stays well in charge of its affairs and at best seeks assistance or advice from the Corporation. The Northern Cheyenne need and have used the assistance of the Corporation staff to a greater degree than the Crow. Through the staff, the Northern Cheyenne have received technical assistance funds from EDA, business loans from SBA, and training funds. The two reservations, however, are dealt with more as separate entities than a unit. The development specialists seem to work more for their respective tribes than for the district agency. Less attention is paid to Hardin than the two reservations.

While the Crow and Northern Cheyenne Tribes and the community of Hardin have not developed a co-ordinated co-operative approach to economic development as a result of the Big Horn Economic Development Corporation, the Corporation has served as a focal point for some communication. Several individuals with close ties to the program claim that while a unity of purpose and concerted action has not resulted, the three component organizations of the Corporation have greater opportunity for achieving these aims than without the Corporation and that indeed some progress has been made. Communication is the essential first step for cooperation, and perhaps the progress in communication is as much as could be expected in the short history of this program.

The program staff has attempted to bring various industrial ventures to the district. They had succeeded in establishing a post and pole plant on the Northern Cheyenne Reservation by securing an SBA loan for a tribal member. This plant, however, subsequently closed. The principle industrial pursuit of the program has been the development of a multifaceted beef production operation on the Crow Reservation. The Reservation has a (now closed) pellet mill and seeks to develop feed lots and a packing plant for a completely integrated production capability. At the present time there is an interested entrepreneur and discussions are in progress. Another major effort at the present time for the staff is trying to locate a firm to take over, and hopefully expand the Holly Sugar Company plant. A large sector of the local economy is associated with this facility and its closure has been a severe economic blow to the Reservation. The program staff has been active in preparing proposals for government funds under several programs, including EDA, SBA, HUD 701 planning funds and others. In 1969, the staff prepared an OEDP for the district. The Crow Reservation had had a 1962 OEDP which was professionally prepared by the Stanford Research Institute.

In summary, the obstacles combining the district planning program in working to achieve its objectives are many. The Crow have an Industrial Development Commission which is active and energetic and runs independently of the Economic Development Corporation. The tribe is well established to handle development matters and projects and does not co-ordinate with the Corporation to a great degree. Politics on the Crow Reservation are such that the leadership stays in close control of development matters. On the other hand, the leadership on the Northern Cheyenne Reservation is neither strong nor firmly in power, and its ability to effectuate programs and projects is limited. This tribe is more willing to work with the Corporation, but its headquarters in Lame Deer are some 50 miles from the Corporation offices in Hardin. The political circumstances on both reservations, though very different, work to make the co-ordination function of the Corporation very difficult.

RESERVATION REPORT

CROW CREEK, SOUTH DAKOTA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Crow Creek Indian Reservation is located in central South Dakota. Fort Thompson, the administrative center of the Reservation, is located 60 miles southwest of Pierre, the state capitol. The Reservation, which is located on the western border of the Big Bend Reservoir, occupies approximately 285,930 acres. The Indian population of Crow Creek is estimated to be 1153.

EDA assistance to the Crow Creek Reservation has consisted of three public works projects (an industrial park, recreation complex, and water storage tank), a two year joint planning grant with the Lower Brule Reservation, and a current planning grant specifically for the Crow Creek Reservation. The impact of the recreation complex, the largest EDA project, is anticipated to be substantial, based on current returns to the tribe. None of the other EDA projects, however, have had significant job or development potential impact on the Reservation.

2. Conclusions

The impact of EDA assistance to the Crow Creek Reservation has been confined almost exclusively to the Crow Creek tourism project. This project, at a cost to EDA of $887,600, has already provided employment to 30 persons, with a potential for more during the tourist season. Almost all of the jobs, however, pay only the minimum wage rate, and few, if any, have advancement incentives. Income generated from the project that has returned directly to the tribe is at a rate of $39,360 per year (based on the first six months of operation), and not all of the space in the business complex section has yet been leased. If appropriate management for the project can be located, there is every reason to believe that the complex could provide the tribe with substantial additional income that could be used for other tribal enterprises.

The EDA funds used to develop the industrial park, on the other hand, have had no substantive impact. Although several firms have at various times located on park sites, none have had sufficiently sound management or marketing strategies to insure continuous operation. As a result, the industrial park project cannot yet be credited with any job impact. Nevertheless, the park has provided the Reservation with an important component of infrastructure which could well be exploited in the future, and its presence enhances the development potential.

With respect to the planning grants, neither have produced any identifiable changes in the development process of the Reservation. This can be attributed largely to the fact that the planner has had to allocate almost all of his time to the management of the Reservation's business activities. No comprehensive guide for future development on the Reservation exists, and

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little attention has been focused on the development of new plans and programs.

3. Recommendations

The efforts of the tribe to induce industries to locate on the Crow Creek Reservation have not produced commensurate results, and where the tribe has been successful, the industries have not proven to be stable enough to remain in operation. All of these efforts, however, have been expensive both in terms of time and dollars. There is a definite need for the tribe to develop an overall economic development strategy that would delineate the types of ventures that would be both most profitable to the tribe and most compatible with the interests of tribal members, and yet would be reasonably able to locate on the Reservation.

The Crow Creek tourism complex, completed in the spring of 1971, is expected to make a significant contribution to the economy of the Reservation. Returns for the first six months, though not exceptional, do reveal considerable potential for the future. However, if the tribe is to derive substantial benefits from the complex, it is essential that it secure effective management for all complex operations. Utilization of the current planner as complex business manager has resulted in neither continuation of much needed planning and program development activities nor in the training of an Indian entrepreneur to serve as complex manager.

In light of the above, the following actions are recommended for the consideration of the Crow Creek Tribe:

1. An effort should be made immediately to secure effective management for the tourism complex. The tribe should advertise widely for this position, so as to locate capable and experienced management. If a non-Indian is hired as manager, he should be hired with the understanding that a local Indian be trained for a management role in the near future. Consideration should be given to setting up the tourism-recreation complex under a separate corporation to bring it out from under tribal politics.

2. It is important for the tribe to continue to promote Indian entrepreneurship on the Reservation. This effort should apply not only to the available space in the tourism complex, but also to the businesses which might be located in the industrial park.

3. An overall development strategy for the Reservation should be prepared and agreed to. Existing documents are of almost no value as guides to the formulation of growth strategies. While over-planning should be avoided, it is important that there be agreement on a logical course of action.

4. Consideration should be given to the development of a planning commission that would serve to define priorities to guide resource allocation on the Reservation. No such organization now exists, and there is no method available for mobilizing support for development projects.

5. The tribe should selectively continue efforts to attract industries to the Reservation. While it is recognized that there are difficulties in attracting industries with guaranteed stability, tribal investment in marginal enterprises which eventually fail depletes tribal resources and discredits development efforts. Additional technical assistance may be required for feasibility studies in advance of tribal investments.

B. SETTING AND BACKGROUND

1. Location

The Crow Creek Indian Reservation, located in central South Dakota, borders on the Big Bend Reservoir. Fort Thompson, the largest population center on the Reservation, is approximately 25 miles north of Chamberlain, the nearest city furnishing retail and service facilities. Pierre, the capitol of South Dakota, is 60 miles northeast of Fort Thompson. State Highways 34 and 47 provide access to the Reservation. Highway 34 traverses Crow Creek from east to west, and Highway 47 extends from Chamberlain north through the Reservation. Commercial airline service is available at Pierre. The Corps of Engineers has an airport facility (not all-weather or lighted) at Fort Thompson capable of handling light planes. Rail service is available at Pierre (Chicago and Northwestern Railroad) and Chamberlain (Milwaukee Railroad).

2. History

The Crow Creek Reservation is the home of the Lower Yanktonai Crow Creek Sioux, a division of the Nakota or Central Sioux. The Nakota Sioux were first met by white explorers in Northcentral Minnesota around the end of the 17th century. As more white settlers appeared, they moved west into the Plains area where they developed an economy based primarily on the buffalo. Although habitually at war with other tribes, the Sioux were not actively hostile to the white immigrants until large waves of settlers threatened to destroy the buffalo herds. Shortly after the Minnesota uprising, a reservation was established in 1863 at Fort Thompson.

The more recent history of the Reservation area is characterized by lessening opportunities in agriculture, and heavy outmigration. The population of the Crow Creek Sioux Reservation is approximately 1153. Of this number, a majority live in the town of Fort Thompson, where the greatest employment opportunities can be found.

3. Resources and Economy

Land constitutes the primary natural resource of the Crow Creek Reservation, although the amount owned by Indians has been diminishing steadily since the formation of the Reservation. The first specific area of the Reservation was 285,930 acres. Between 1890 and 1930, much of this land was allotted to approximately 1600 Indians. Thereafter, through land sales, issuance of fee patents, and various takings by the Federal government for construction of Fort Randall and the Big Bend dams, Indian holdings have been greatly reduced. It is currently estimated that 103,615 acres are presently owned by Indians, both tribally and in individual allotments.

The land that is now owned by Indians is suitable only for cattle grazing, as much of the irrigable land has been sold to whites. Income from grazing was calculated to be approximately $322,000 in 1970. Mineral resources on the Reservation are limited to gravel and low grade deposits of manganese.

The potential of the land for recreational purposes, on the other hand, is considerable. Lake Sharpe, one of the four great lakes of South Dakota, borders the Reservation. The Corps of Engineers has constructed boat ramps and docks so that tourists can take advantage of the boating, water sports and fishing afforded by the lake. Five million rainbow trout have been stocked in the lake, and the surrounding lands are supplied with deer, antelope and water fowl. To capitalize on this recreational potential, the Crow Creek Tribe, with the help of EDA has constructed a tourist complex at Fort Thompson. This complex, which includes a 40-unit motel, restaurant and lounge, liquor store, laundromat, beauty and barber shops, service station, trailer park, rodeo arena and Indian pow-wow area, is expected not only to provide employment opportunities for local residents, but is also expected to enhance tribal income considerably. Although it was open for the 1971 tourist season, there was not sufficient time for adequately advertising the available facilities. Nevertheless, utilizing averages calculated from the first six months of operation, the tribe expects to be able to return a minimum annual profit of approximately $30,000.

With respect to industrial and commercial development, the tribe, with the assistance of EDA, has developed an industrial park area with complete water, sewer, access roads and curbs. Two buildings were constructed by the tribe on the park, one for the use of a muffler manufacturer who subsequently went out of business, and one for the use of a manufacturer of totem poles, lamps and other products, who also went out of business. Two additional firms occupied the muffler plant, but both are now out of business. The factory is now being used to prebuild homes for the Reservation by a joint enterprise of the tribe and the Dailey Redwood Construction Company. This operation, however, can in no way be attributed to the EDA industrial park project, as its location on the Reservation was not dependent upon the existence of the park.

Commercial facilities on the Reservation, though still limited, are beginning to expand as a result of the EDA-funded tourism/business complex. At the present time, there are two local grocery stores in addition to the facilities available at the complex. The tribe is hoping to take over one of the grocery stores to make it into a tribal enterprise.

Of the total Reservation labor force of 365, 70 percent are currently unemployed. Federally funded programs (Title I and OEO) are the largest employers, with the remainder scattered among tribal enterprises and agricultural activities. Earned income accounts for 63 percent of total personal income, and welfare and other assistance programs account for 37 percent. The average annual per capita income on the Reservation from all sources was calculated to be $992 in 1970.

4. Tribal Government

The Crow Creek Tribe is incorporated, having decided not to accept the provisions of the Indian Reorganization Act of 1934. The tribe adopted a constitution which was approved by the Commissioner of Indian Affairs in 1949. This constitution calls for the election of a six person tribal council including a chairman every year.

The present tribal administration is headed by Robert Philbrick, who has held the position of chairman a number of different times in the past years. Marked friction, however, exists between the chairman and one of the other council members, who has recently been circulating petitions to have the current administration recalled. Nevertheless, there appears to be little change between this and previous administrations, and the actions of the council have been relatively consistent over the past five years.

5. Community Development

A small OEO program, operated in conjunction with the adjoining Lower Brule Reservation, provides services at Crow Creek. Programs offered include Head Start, housing improvement, general services and manpower development.

Officers of the Bureau of Indian Affairs have not been located on the Reservation, but rather at Pierre. This has diffused the force of Bureau programs at Crow Creek over the past several years. BIA offices are scheduled to move to the Reservation in 1972, however, and it is expected that this will substantially increase communication and improve services on the Reservation.

Current housing on the Reservation consists of 90 units of low-rent housing, and 10 BIA Home Improvement Program houses. Additionally, over 100 homes have been repaired under BIA and OEO programs. The local housing authority has an approved program for 64 additional low rent units, and applications forwarded for 136 more mutual help homes.

There are 451 Crow Creek students residing on the Reservation enrolled in BIA, public and mission schools. Although there is a BIA elementary school located at Fort Thompson, high school students from the area attend the public high school at Chamberlain. A total of 200 educational grants were processed in the past year, 163 for high school, and 37 for higher education. The Public Health Service operates a clinic on the Crow Creek Reservation although the closest hospital facilities available to tribal members are located in Chamberlain.

6. Planning

For two years beginning in 1969, the Crow Creek Reservation shared an EDA planning grant with the neighboring Lower Brule Reservation. Various disputes between the tribes, however, disrupted the planning process, and lead to a Lower Brule withdrawal from the grant. For fiscal year 1971, the

Crow Creek tribe applied for a separate grant. This was approved by EDA, and the existing planner retained. Additional planning efforts on the Reservation consisted of a 701 plan completed several years ago. This plan, however, has never been updated, and is of limited value.

6. PROJECT ANALYSES

The following EDA projects have been funded on the Crow Creek Reservation:

Type and Nature of Project	Project No.	Date	Funding Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Industrial Park	06-1-00139	1968	$ 60,168	
b. Tourism/Recreation Complex				
1. Water, sewer, roads	06-1-00645	1969	$164,000	
2. Motel complex	06-1-00658	1970	$723,600	
c. Water Storage Tank	06-1-00879	1971	$153,000	
	Total Approved		$1,100,768	
2. PLANNING GRANTS				
a. Lower Brule/Crow Creek Grant	06-5-15008	1969	$11,690	
b. Lower Brule/Crow Creek Grant	06-5-15008-01	1970	$12,700	
c. Crow Creek Planning Grant	06-5-15019	1971	$23,000	
	Total Approved		$47,390	

TOTAL APPROVED - ALL PROJECTS: $1,148,158

1. PUBLIC WORKS PROJECTS

a. Industrial Park, Project No. 06-1-00139, 1968

This public works project, initiated by the tribal leadership, provided for the development of an industrial park area with water, sewer, access roads and curbs and gutters. An application for funds was prepared in October 1966, the project was approved in mid-1967, and the park was completed in July 1968.

Total cost of the park was $75,336. EDA contributed a grant of $60,168, and the tribe contributed $15,168. The tribal contribution combined land costs, an industrial building, and a cash payment.

At the time of the EDA application, a muffler plant, Sioux Mufflers, Inc., was already operating in a tribally constructed 12,000 square foot industrial building in the park area. Water was being drawn from a well, and a septic tank was being used for sewerage purposes. By the time the six inch water main and eight inch sewer main constructed under the EDA grant were completed, however, the muffler plant was barely operating and was employing only three persons. As a result, it vacated the building on the industrial park, which was then used by Omni Design, Inc. and subsequently by Kaiser Inc., both of which are now out of business. The muffler plant, which still employs three persons, continues to operate in a small building in the Fort Thompson area, far from the industrial park. The building initially constructed for the muffler factory is being used by a joint enterprise of Dailey Redwood and the tribe to prebuild low-rent homes for the Reservation. The building is used only as a storage convenience, however, and the home building operation can in no way be attributed to the existence of the EDA park project.

To attract additional industries, the tribe repaired a building which was obtained from the Corps of Engineers, and relocated it to the industrial park. This building was occupied by Sioux Industries, Inc., which manufactured totem poles and lamps. At one time, this plant employed 16 persons full-time, and 50 persons part-time in cottage industries. Due to inexperienced management and inadequate marketing, Sioux Industries closed down its operation in May 1971. The building is currently unoccupied, although the tribe is continually seeking new industries for the Reservation.

No job impact can be attributed to the EDA project, although the park represents an important piece of infrastructure that may be exploited in the future. Coupled with other physical changes on the Reservation since the completion of the park, particularly in terms of housing additions, water availability, and the tourism complex, the Reservation is in a far better position now to attract a sound industry for Fort Thompson.

b. Crow Creek Tourism Complex

1. Water, Sewer, Roads, Project No. 06-1-00645, 1969

2. Motel Complex, Project No. 06-1-00658, 1970

All economic plans for the Crow Creek Reservation have stressed the potential of the area for tourism and recreational development. To capitalize on this potential, the tribe prepared an application to EDA in May 1968. Approved the following year, construction was started at the end of 1969. The project was opened for business in April 1971.

The complex was funded as two projects. Project No. 06-1-00645 provided funds for water and sewer facilities, and an access road. Project No. 06-1-00658 provided for the construction of a 40-unit motel complex, including a restaurant and lounge, trailer park, service station, rodeo arena, Indian pow-wow area, and a business complex capable of handling eight small business enterprises. Project funding was as follows:

	Project No. 06-1-00645		Project No. 06-1-00658	
EDA Grant	$ 164,000	(80%)	$ 723,600	(80%)
Tribal Contribution	41,000	(20%)	180,900	(20%)
TOTAL PROJECT COST	$ 205,000	(100%)	$ 904,500	(100%)

Of the tribal contribution, $11,000 was an in-kind land contribution. The remainder was paid in cash.

From the outset, the complex has been beset by managerial difficulties. The manager designated by the tribe to oversee the entire operation was not able to solve them. During his tenure, only three stores were leased and one of them, a barber shop, has since closed down. The other two, a beauty shop and a laundromat, have barely been able to remain in operation. The original lessor of the motel complex was not able to manage the operation effectively, and the tribe has since taken over the management function on a temporary basis. Operations at the motel, however, are still far from smooth. The office is only open from 7:30 a.m. to 10:30 p.m., which means that guests cannot check in or out either early or late. Telephone service is also available only within those hours. Of all the initial operations, only the restaurant and lounge, leased to a local non-Indian couple, have been effectively managed.

Since the motel, restaurant and lounge, beauty shop, laundromat, and service station combined only provide returns to the tribe at the rate of approximately $1025 per month (based on a percentage of the gross provided by the lessor to the tribe) it was decided that one of the stores in the complex should be used as a tribally-owned liquor store. The liquor store, which has now been in operation for several months, has been providing the tribe with a net return of approximately $2500 per month.

Despite the completion of a $232,000 MDTA training project for 96 Indian people to be employed at the complex, employment is still below the 43 projected in the initial application. At the present time, the motel employs seven persons full-time, the restaurant and lounge 20 persons full-time, and the liquor store three persons, one full-time and two part-time. Of the seven persons at the motel, all are Indian. Wage rates average $1.65 per hour. Sixteen of the 20 persons employed at the restaurant and lounge are Indian, and all are paid from $1.60 to $1.75 per hour. Only one of the part-time employees at the liquor store is Indian. Total payroll is $290.00 per week for the three persons.

To attract more tourists to the complex, the tribe is investing $26,500 in highway signs to advertise the motel, restaurant and lounge. It is anticipated that these signs will alert traffic driving across the state to the facilities at Crow Creek, and that income from usage of the motel and restaurant will rise considerably.

Efforts to secure more effective management for the complex are also underway. The planner has been assuming charge of the operation, and it was under his aegis that the liquor store was opened and personnel to operate it selected. Current efforts now revolve around the hiring of a manager for the motel, and the leasing of the additional space in the business complex. It is also anticipated that an overall manager for the complex will be hired, freeing the planner for other Reservation activities.

c. Water Storage Tank, Project No. 06-1-00879, not yet completed.

Construction of this public works project, approved in September 1971, has not yet been begun. Initiated by the tribe with the assistance of the planner, it is anticipated that the project will be completed in mid-1972. Total cost is currently estimated to be $153,000. The entire cost will be borne by EDA under the 100 percent grant policy.

The purpose of the project is to provide an increased water storage facility (200,000 gallons) for the entire Fort Thompson community. It is expected to serve the residential community, including the housing units scheduled to be built in the next several years, and the industrial and tourist complex areas. Approximately 60 percent of the tank capacity is estimated for residential use, with 40 percent scheduled for industrial/commercial use. No job impact is expected from this project.

2. PLANNING GRANTS

a. Lower Brule/Crow Creek Program, Project No. 06-5-15008, 01, 1969-1970

For two years beginning in 1969, the Crow Creek Reservation shared an EDA planning grant with the neighboring Lower Brule Reservation. Various disputes between the two tribes, however, disrupted the planning process, and lead to a Lower Brule tribal resolution calling for disengagement from the grant. The Crow Creek Tribe immediately applied for a separate planning grant, which was approved and implemented. The separate grant is discussed below in section 2 (b).

The two joint grants were for $23,380 and $25,400, with tribal contributions consisting largely of in-kind office space, equipment, and secretarial services. The planning program staff was comprised of one planning director and one secretary. It was expected that staff time would be divided equally between the two Reservations.

The background of the planning director for the joint grant has been in the construction contracting field, although he also served for one year as an industrial development specialist with the joint Lower Brule/Crow Creek Community Action Program. Despite a lack of specific experience in planning, the planner's skills in the field of business development have proven to be of some value in his activities.

During the two years that the joint grant was operative, however, there was relatively little accomplished. The planner provided some assistance to the tribe in efforts to induce industry to locate on the Reservation, but this effort had no positive results. No updates were made to the OEDP, and no other strategies for development or plans for economic or social betterment were produced.

The relationship of the planner to the tribe was also uncertain. Although well-liked by the chairman, many tribal members felt that since so little had been accomplished, the planner ought to have been replaced. However, when the individual planning grant was approved in 1971, he was selected by the chairman to remain as planning director.

b. Crow Creek Planning Program, Project No. 06-5-15019, 1971

After the conclusion of the joint planning grant with the Lower Brule Reservation, the tribal chairman, with the assistance of the planning director, submitted an application for a separate planning grant for the Crow Creek Reservation. This grant was approved for FY 1971, and a grant was authorized in the amount of $23,000. Total cost of the program is $32,811, with the tribal contribution consisting of $3500 in cash and the remainder in kind.

A majority of the time of the planner had to be spent in the management of the tourism complex. The planner himself ran the liquor store until a replacement was hired, and he is currently attempting to see that the additional space in the complex is leased and operating successfully. These business development activities, while highly useful, have served to limit the amount of time that can be spent in the development of new programs and proposals. The only application prepared thus far has been for the water storage grant, a public works project that was approved in September 1971. No attempts have been made to develop guidelines for the future economy of the Reservation, and no effort has gone into meetings with other tribes or non-Indian economic development groups in the area.

The chairman, nevertheless, feels that the planner has been an invaluable asset to the tribe, and that his activities in operating the tourism complex have been essential to its continued operation. It is anticipated that as soon as personnel are hired for the management of the complex, the planner will resume his regular duties as Reservation economic planner.

RESERVATION REPORT

FORT BERTHOLD, NORTH DAKOTA

A. Conclusions and Recommendation

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Fort Berthold Reservation is the home of the Mandan, Arikara, and Hidatsa tribes of Northern Plains Indians. The tribes have lived in the Missouri River bottomlands since before the coming of the white man, and the damming of the river near Garrison in 1952 and the flooding of hereditary homelands has had an incalculable effect on the social and economic life of the three tribes. The Garrison Reservoir caused about 90 percent of the Reservation's population to move their homes and has necessitated new arrangements in traditional social patterns as well as an enforced shift from a basically subsistence economy to one based on livestock and grain cropping, land leasing and mineral royalties, and government transfer payments. About 40 percent of the resident Indian income is derived from farming and ranching, about 30 percent from government employment, and about 24 percent from transfer payments. Minerals and business enterprise make up only about 6 percent of the total.

EDA involvement with the Fort Berthold Reservation has been limited in terms of number of projects and impact. The EDA-funded planning director has been an active and conscientious agent of development on the Reservation, however, and the tourist complex which he has shepherded through the planning, application, and construction process is only a few weeks from completion. A community center and feasibility study had also been funded by EDA at the time of the site visit. The three tribes have not been actively involved in a development process in general or with EDA projects in particular to date, and there is a general "wait-and-see" attitude about the Four Bears Tourist Complex in both New Town (Tribal headquarters and EDA-designated growth center) and on the Reservation. Reservation leadership is anxious to develop the basis for a more autonomous Reservation economy, however, and appears to be particularly desirous of development with a high service impact. EDA is being looked to for assistance in this process.

2. Conclusions

EDA has approved grant requests in the amount of $1,369,107 and loan requests in the amount of $246,420 for four projects on the Fort Berthold Reservation. There has been no job or income impact from these expenditures so far, although the tourist complex now in the final stages of construction is expected to be a major job producer for the Three Affiliated Tribes.

EDA has made a modest contribution to the development potential of the Reservation. The resulting improvement can be seen primarily in the changes to the physical infrastructure of Fort Berthold communities and in the element of continuity brought to the Reservation development program by the EDA planner.

EDA public works projects have facilitated the construction of an important community center at Mandaree, and the EDA planner has helped

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to prepare applications for two other major community/tribal buildings. These projects play a particularly important role at the Fort Berthold Reservation, since the Three Tribes are still very much concerned with rebuilding communities torn apart by the flooding of Garrison Reservoir in the early 1950s. The Four Bears Tourist Complex, in addition to providing a base for tourism development, has provided the impetus for several new community development projects on land adjacent to it, and the community of Four Bears is in a very real sense the new Indian-designated growth center.

The impact of EDA projects on Fort Berthold leadership is not clear, as very few members of the Tribal Council were met during the site visit. Impact appears to be slight, however, except to the extent that EDA planning director Paul Ewald has been able to stimulate enthusiasm for economic development and to carry out many of the tasks essential to it. Ewald has performed much of the proposal preparation and data generation required for Federal funding, for instance, and has often acted as a continuing reference point in the project development process. The Mandaree Community Center building, funded with EDA help, may also be said to be contributory to conditions leading to the development of community leadership.

There has been only modest impact caused by the EDA program on the accessibility of development program financing and on the acquisition of skills and training by Fort Berthold Indians. Ewald has been instrumental in the processing of funding applications to other agencies and has therefore assisted in the receipt of Federal funds, but no significant development of private credit or financing has been achieved thus far (other than contract-secured interim financing). Skill training is mostly carried on for Fort Berthold citizens at the United Tribes of North Dakota Development Corporation Training Center in Bismarck, funded by the Department of Labor; the deficiency in business and industrial opportunities at the Reservation has held back the development of any meaningful government program providing training for these types of jobs at Fort Berthold itself. Ewald has compiled considerable data on the history and operating programs of the Three Affiliated Tribes, and EDA has funded a small study on the utilization of the clay resources of the Reservation. No important new knowledge of Fort Berthold resources, however, is directly attributable to EDA projects.

EDA's impact on the Fort Berthold Reservation, in conclusion, is largely made up of the cumulative effect of the actions of its planning director. Ewald's major effort has been the development of the Four Bears Tourist Complex, and the jobs and income resulting from this project will be the most tangible evidence of the EDA program there. But the ability of the Fort Berthold Reservation to support economic enterprises in the future will be largely dependent upon more intangible forms of progress. The ability of its people to build the social institutions and community cohesion upon which reasonably strong and confident leadership can be based will determine much of the real progress of the Reservation towards self-sustaining growth and development. For only such tribal leadership can both realistically assess the development options open to it and successfully marshal the tribal support necessary for such real progress.

3. Recommendations

Fort Berthold is certainly one of the richer of the Indian reservations in terms of the wealth of the natural resources over which it has some control. The Three Tribes appear to be a long way from controlling or even affecting the exploitation of these assets, however, and much remains to be done before they can begin to implement a real economic development program.

The leaders of the Reservation have allegedly heard "too often" that they must "get their priorities together". Real development planning cannot proceed, of course, without this prerequisite. But the Tribes have determined their priorities more clearly than is generally supposed. Leaders are still caught up in the problem of putting the pieces caused by the flooding of the Garrison Reservoir back together, and a top priority at the present time is the construction of liveable communities. It seems reasonable to assume that this step must take place before much emphasis is placed by the Three Tribes on generating new jobs.

The feeling by leaders of the Three Tribes that the Reservation ought to "go it alone" needs reexamination. The economic rationale for such a strategy appears extremely weak in view of the physical geography, transportation network, and existing population distribution of the five-county area. The scattered Reservation population will support only a minimum number of basic commercial enterprises, and it is not at all clear that non-Reservation Indians will leave their towns to shop in Fort Berthold. The lack of management skills in a people only recently (and partially) removed from a subsistence economy will necessitate outside help in running Reservation operations for some time. Animosity between Indians and residents of New Town will have a serious effect on such Tribal ventures as the Four Bears Tourist Complex. The new program for the acquisition of fee patent Reservation land owned by outsiders, for instance, makes sense if it is used to consolidate economic farm units, but not if it is used only to get leaseable land away from non-Indians who might otherwise be employing Indian people and paying them rent.

An apparent need on the Fort Berthold Reservation is for more business and agricultural success models. The Farmers Home Administration loan program for land acquisition and the new BIA 40 percent grant program have much to offer the Three Tribes because they will enable Indian people to participate as producers in the cash or market economy at a practical level. The development of skill and financial responsibility which such vehicles will make possible is expected to enable some Indian people to attain higher levels of entrepreneurship. The cooperative model occasionally employed by the FHA holds particular promise for the Indian people.

A major step in the Fort Berthold development process will be taken by the exploitation of the lignite resources. Private industry is very interested in the lignite deposits and the plentiful water in the southern part of the Reservation, and a consortium of New York City banks has allegedly made a commitment to provide the necessary financing for a power plant and mining operation if adequate deposits are found. A lignite supply for the 564 mw plant of 2-3/4 million tons per year for 40 years is needed to justify location, and an operation of that size is expected to yield at least $412,000 in annual royalties to the Reservation land owners and about 100 jobs. Whether or not this is the optimum relationship between the Three Tribes and United Power Association, its projected impact merits extensive study by competent specialists in order to plan for the development. An essential first step would be to survey the total lignite resources available to the Reservation.

It is important when looking at the Fort Berthold Reservation to view it in terms of its own unique development status and potential. Fort Berthold is in an agricultural area and its people are of that culture. Growth and progress must therefore proceed from that foundation. A mixed economy which includes industries based upon realistic human skills and motivations, attainable markets, and genuinely exploitable advantages is a worthy objective, but massive infusions of industrial infrastructure or business investment capital at the present time would seem to be unwise. A successful cattle cooperative and feed lot using government-funded equipment and government-leveraged financing would probably be a greater stimulus to the Three Tribes at this time than any industrial venture. And the total amount of job income created by an investment is ultimately a function of the soundness of the investment rather than the size of the constructed working facilities.

The management contract idea has much to commend it for the Four Bears Complex. The project does not appear to offer any hope of paying its way prior to the completion of the Lewis and Clark Trail, and then only if it is well managed.

The greatest value of the Four Bears project in the near future may well be as a stimulus to a scrutiny of the project application review process. If the real worth of a proposed project in terms of stated development objectives (jobs, income, service impact) is not carefully analyzed during its early discussion phases, the project can easily become invested with so much support and momentum that it is difficult to sidetrack on any but procedural grounds. Much more thorough proposal review should be done by responsible authorities in the field, who view the project from the perspective of the development potential and needs of the Reservation rather than that of a checklist of standard procedures used by the funding agency. Reservation authorities need not be faulted for portraying the proposal in the most favorable light, but everyone--agency, taxpayer, and most of all the Indians--loses if the project fails.

B. SETTING AND BACKGROUND

1. Location

The Fort Berthold Reservation of the Three Affiliated Tribes consists of 513,305 acres of land in five water-separated sections and another 111,663 acres of flooded land at maximum reservoir depth; 453,678 acres of land is Indian trust land, including land held by the U.S. Army Corps of Engineers along the Garrison Reservoir. The reservoir completely dominates the physical geography of Fort Berthold, as it does the entire five county area in which the Reservation is located.

The small communities of Mandaree, White Shield, and Twin Buttes are located on the Reservation, but the area's population centers are located near its periphery. Seven towns of under 2000 persons, of which New Town is the closest, lie within 20 miles, and the regional centers of Bismarck, Dickinson, Williston, and Minot are within 100 miles of the established borders.

Transportation is one of the major problems faced by the Fort Berthold Reservation. The larger towns mentioned above are all served by commercial air service, with Minot being only 80 miles from New Town, and all peripheral towns have rail facilities. No air, rail, or bus service actually enters the Reservation, however, and the transportation network imparts a strong centrifugal force on the reservoir-dominated Indian enclave. Intra-Reservation commerce and communication rely on a satisfactory network of secondary and farm-to-market roads, but travel around the reservoir is difficult and time-consuming. A major highway system following the Missouri River, currently in the later planning stages, will do much to tie the Reservation together and to open it up for tourism and economic development.

2. History

The Three Affiliated Tribes had settled in their present homeland after a gradual northward movement in front of the more war-like Sioux. By the time of the first Reservation-defining Treaty in 1851, the Mandan, Hidatsa and Arikara were living in close proximity in river bottom earth lodge villages practicing a culture based on farming, hunting and trading. The Three Tribes have traditionally accorded loyalty to the U.S. government and no hostile outbreaks are recorded. The Fort Berthold Reservation has nonetheless been decreased in size several times from the original 12.5 million acres to its present size, most recently in 1910 by passage of an act which initiated extensive homesteading in the area. Tribal lawyers have recently found a loophole in that act which suggests that certain tribal authority still may be exercised in the northeast sector "ceded" in 1910, and lingering ill will between the tribes and the white dominated towns has been focussed by this legal issue.

The region of which the Reservation is a part first saw white settlement on cattle ranches in the 1880s. Substantial population growth began with an influx of German and Scandinavian farmers in 1910. This growth had little effect on the Three Tribes; their largely subsistence patterns of living were only gradually affected by regional growth. The area's basically agricultural economy has undergone major changes. In order to compete with increasingly attractive employment opportunities in the cities, farms had to grow large in size and mechanize.

The construction of the Garrison Dam in the early 1950s, vigorously opposed by the Three Tribes, has forced the Reservation people to take account of and adapt to these regional changes. Many Indians were skilled at ranching and agriculture before the dam, but the flooding and the resulting emphasis on the remaining land has made subsistence more difficult and has caused many of those remaining to leave the land-based occupations for governmental jobs or welfare. The ability of the Tribes to forge new social patterns and develop new productive skills in the years immediately ahead will be the most important determinant of their future.

3. Resources

The resources of the Fort Berthold Reservation are largely untapped, and there is good reason to believe they will play a major part in the future of the Three Tribes. Substantial lignite (low grade coal) deposits exist on the Reservation, and total exploitable reserves in the five-county area centering on Fort Berthold contain about nine percent of the known U. S. coal reserve. In addition, between 500,000 to 750,000 barrels of oil are pumped on the Reservation each year, and about $15 million in oil and gas income has gone to the Indians since 1951. Many indications point to the development of the 15 billion tons of Reservation lignite in the years ahead, but there is much that can be done in the improvement of land use by Indian ranchers and farmers in the meantime. The scenic beauty of the land and the Garrison Reservoir are additional resources capable of being developed for the benefit of the tribes. The Four Bears complex represents the first effort in this direction. On balance, the natural resources of the Reservation offer a sound base for development.

The lignite reserves on the Reservation represent a tremendous stock pile of low-cost heat energy. The nationwide increase in the demand for electricity has already supported the construction of several steam generating plants to the southeast of Fort Berthold, and lignite production in Mercer County (which contains the southeastern portion of the Reservation) is steadily rising to fill the demand. Most of the measured lignite reserves in the five-county area centered on the reservoir lie in formations currently considered economically recoverable, although other areas in the State may retain a competitive advantage for some time. The early development of North Dakota lignite reserves has nevertheless caused increased interest in the extensive lignite potential in the southern portions of the Fort Berthold area, and the Three Tribes recently received over $40,000 from a local power company for the exploration of 38,000 acres of Indian land.

The Fort Berthold Reservation lies in the center of the oil-rich Williston Basin. The first producing well on the Reservation was brought in west of New Town in 1953, and since then 26 wells on Indian land have produced over 6 million barrels. Oil and gas production and the leasing of land for exploration and drilling has become an important part of the Fort Berthold economy, with income from these sources yielding over $250,000 per year to Three Tribes members. Oil and gas production appears to be stabilized, however, and little new revenue is expected from this source.

Salt and potash deposits are known to exist in the Reservation area, but development of these and other possible mineral resources probably lies well in the future.

In terms of unrealized resource potential, recreation and tourism ranks second only to the lignite reserves. The Garrison Reservoir is 200 miles long, covers 490,000 acres, and is characterized by some of the most scenic shoreline (1340 miles in total) in the Midwest. The entire area abounds in points of interest to those studying the history of Indian culture and early Western exploration.

The sparseness of local population and the remoteness of the area from large population centers have of course been major impediments to the development of the recreation resources of the Reservation area. The regional transportation system is poorly equipped to connect the various reservoir-linked historical sites along the early Missouri River explorers' path and to funnel out-of-state traffic into the reservoir area. Development of the Lewis and Clark Trail is proceeding piecemeal and under the authority of several agencies, and the arterial highways to the north (U.S.2) and south (Interstate 94) simply carry travelers across the State in the absence of any major tourist attraction or well-developed access system to lesser sites. Other reservations along the Missouri River are developing tourist complexes similar to Four Bears, but unless the attractions are developed to complement each other and until the adequate highway connections are built, it seems likely that the various sites will compete with one another instead of contributing to a total recreation attraction.

Even in the absence of adequate facilities, the appeal of the Garrison Reservoir to local sportsmen and tourists has grown significantly since the late 1950s. And the increased national interest in the beauty of open spaces, the appeal of a bracing atmosphere, and the history of the Indian people lend strong support to the long-run development of Reservation tourist resources.

4. Economy

The Three Tribes are only gradually adjusting to the conditions forced upon them by the flooding of the Garrison Reservoir. This event took place within the lifetime of half the Reservation Indians, and the change from a traditional subsistence economy to a market or cash economy which it forced upon the majority of the population has been a difficult one. A considerable infusion of Federal agency support and transfer payments has bolstered the Reservation economy in the interim; over half the Reservation Indian's income currently comes from these sources.

Central to the Reservation's development problem is the fact that it can not support an autonomous economy in the foreseeable future, and yet the Indian population is poorly prepared and little inclined to integrate into the larger economy. Only small general stores exist in the Reservation towns, and almost all commerce is carried on in the peripheral towns of New Town, Parshall, Garrison, Hazen, Beulah, Halliday, Killdeer, and Watford City,or in the more distant cities. The Reservation population of under 3000 Indians (2700 in 1969) is widely scattered, and the Indian communities which do exist use adequate secondary roads leading off the Reservation for shopping for most needs.

The wages and salaries derived from employment on cattle ranches and farms---many of which are made up of trust land leased from Indians---constitute the largest single source of money for the Reservation. Opportunities for agricultural jobs have increased since 1960, despite the reduction in the number of farms and farm managers. The skill requirements for this labor are increasing, however, and unskilled labor can currently expect only about 30 days of work per year. Fort Berthold Indians currently work part-time on a large number of the 5,000 farms in the five-county area.

The Farmers Home Administration has recently initiated a program designed specifically to support Berthold Indians in the development of their own farm lands. A $300,000 revolving loan fund is being made available to the Tribal Business Council for the purpose of acquiring fee patent Reservation land from outsiders to put back into trust status and for assisting in the combination of contiguous land holdings into economically viable units. Loans are also made for cattle and farming coops operating on Reservation land. Almost 200 such loans have been extended to Reservation Indians, and the program has been well received if as yet inconclusive.

A second major employer is the OEO Community Action Program. CAP employs 77 Indians in such programs as Head Start, Emergency Food, Cooperative Development, and Alcoholism Rehabilitation.

A promising source of future jobs for motivated Reservation people is the new Northrop Aviation plant just outside of New Town. A local development corporation composed of New Town business leaders had already constructed a building for the purpose of attracting outside industry when Senator Young persuaded Northrop to consider the site; subsequent negotiations led to the establishment of an electronic navigation system assembly operation in late 1970. The firm currently employs 20 people, of whom 13 are Indian members of the Three Tribes. Low prevailing wage rates (Northrop starts employees at $1.60 per hour) will enable the operation to compete with urban counterparts when the work backlog justifies increased production. The present employees are performing the exacting work to the manager's satisfaction, and Northrop "intends to stay" and to grow.

The agricultural resources of the area have long been the basis of its economic activity. About 98 percent of the land resources of the five-county area is in agricultural use, with the total equally divided between crop (mainly small grain) and grazing land. The Indian trust lands on the reservation are devoted mainly to grazing, however, with crop land concentrated on the northern and eastern edges of the Reservation. The upland plains soils are fairly deep and fertile and well suited to both grain (April through September) and livestock production, while the other land type in the scenic badlands area in the southwest is satisfactory for grazing. While the winters are cold (January mean about 10°F), the summers are relatively cool. Rainfall varies but averages about 15 inches. A prevalent Reservation practice is to lease single or multiple ownership trust land to outside farmers who can then assemble economic units for efficient production. But Three Tribes members are increasingly using financing from FmHA and SBA and a land acquisition program run with the help of BIA to enter the livestock and grain-based economy individually or in cooperatives. Irrigation, equipment financing and farm credit, and the Reservation land acquisition program offer considerable potential for the agricultural development of the Reservation.

The Four Bears Tourist Complex is expected by many to be a major source of permanent employment when it is completed in the early fall of 1971. About 70 Reservation Indians are either in training or are slated for training at the United Tribes of North Dakota Training Center in Bismarck in preparation for jobs expected to be generated by Four Bears. The facility, which consists of a 40-unit motel, marina, trailer park, service station, and laundromat, may have to operate at a reduced level of operations until the 1972 summer season, but the long term future of an attractive and comfortable tourist lodging and recreation site seems bright. Many current questions are expected to be resolved after the management group still being sought has taken charge of operations.

Several other small business ventures have been started in New Town which were expected to lead to substantial Indian employment, but none have been successful. The Three Tribes and the local development corporation were misled by the first two occupants of the Local Development Corporation's building (currently occupied by Northrop); white and tribal funds alike were lost in these ventures. The Three Tribes Stoneware pottery shop, a non-Tribal business financed by the SBA and New Town church and private money, has offered intermittent employment to about five Indian women but has been driven by transportation and marketing problems into inactivity.

The Fort Berthold Indian labor force which is theoretically available to take advantate of these employment opportunities currently numbers about 1000 persons (929 in 1970). The impact of seasonal agricultural jobs significantly affects the employment rate, but as many as 70 percent of this labor force were unemployed in September 1970. The high unemployment rate is a function of the lack of well-defined employment opportunities on the Reservation, a low labor force mobility resulting from lack of job-specific training, and a common preference for the life style of the Indian culture. General educational attainment levels are rising in response to recent large educational investments by the BIA on the Reservation, but a severe shortage of vocational training still exists.

The median annual income of the approximately 500 Reservation families was calculated in 1969 to be $1,800. A staggering 85 percent of all families earn under $3,000 per year.

5. Tribal Government

The official leadership of the Three Affiliated Tribes of the Fort Berthold Reservation is vested in the ten-member Tribal Business Council. Members are elected from among the enrolled members of the Three Tribes, including those living in nearby towns, for two year terms. The Tribal leaders operate subject to the provisions of a Constitution and Bylaws originally approved in 1936 and a corporate charter ratified in 1937. The Tribal Business Council can theoretically draw upon the counsel of an Economic Development Commission composed of business leaders and government agency representatives, but the latter body is not used in practice.

The Three Tribes are members of the United Tribes of North Dakota, along with the Fort Totten, Turtle Mountain, and Standing Rock Reservations. This recently incorporated "coordinating" body is the recipient of an EDA district planning grant, operates a large Indian job training center in Bismarck, and is acting to take over State-wide programs for Indian people.

Tribal government has proven to be a difficult process on the Fort Berthold Reservation in recent years. The existence of three separate tribes and at least two somewhat separate cultures (the older Mandan and Hidatsa people speak a Siouan dialect, the Arikara a separate language), the geographical and social isolation of the reservoir separated communities, and the unusually serious economic situation of a large portion of the membership have combined to render consensus and coordination difficult. Reservation politics is unusually divisive in the apparent absence of a feeling that all members may progress together towards some common goal. Tribal leadership is currently emphasizing the attainment of greater autonomy from the outside economy in general and New Town in particular, and they are seeking PHS, BIA, and EDA public works type projects for the development of existing Reservation communities and the Four Bears area near New Town.

Non-member "resource people" such as BIA staff members and the EDA planner have provided some continuity during the recent years of the difficult post-dam period, but a growing mood of self-determination is creating increasing restiveness with this situation. Responsible non-member authorities seem willing, for their part, to defer somewhat to capable leadership. It remains to be seen whether the emerging Reservation spokesmen can focus available resources, including the latent energy of their people, into a sound and shared scale of priorities out of which development planning and implementation can proceed.

6. Community Development

The construction of adequate community facilities as a basis for the strengthening of social institutions is a major goal of Three Tribes leadership. The Reservation towns of White Shield, Mandaree, and Twin Buttes were poorly endowed with utilities and dwellings at the time of the large influx of Indians in the early 1950's, and extensive development of water and sewer facilities, community buildings, and Public Health facilities has occupied the Reservation leadership in recent years. The Four Bears area adjacent to the new Tourist Complex is also being developed as a population center and as a proposed Tribal government site. Roads have also received recent attention, and the Bureau of Indian Affairs has budgeted about $3 million for road construction and improvement through 1975.

The education system in the Fort Berthold area encompasses public schools, "coordinated schools", church schools, and BIA-operated boarding schools. Many young Indians are bussed to off-Reservation public schools, with local school districts reimbursed on a per-pupil basis. New on-Reservation schools are operated cooperatively by BIA and community school districts. The OEO Community Action Program operates a popular Head Start program in five Indian communities including New Town. High school retention rates are relatively high, and all Reservation schools are accredited by the State. College enrollments are growing strongly; tribal college enrollment has doubled from 33 since 1965.

Fort Berthold Public Health Service facilities include satellite clinics at Mandaree, Twin Buttes, and White Shield and a large new health center at Four Bears across the road from the Tourist Complex. PHS has also budgeted $1 million for water and sewer projects at each of these locations.

A community building has been constructed at Mandaree, and additional buildings are planned at the other communities. The Mandaree building, constructed with a combination of HUD, EDA, and Tribal funds, has served as an important focus for social activities and for the work of the Community Action Program and other Federal agencies.

The housing program of the Three Affiliated Tribes is operated through a Tribal Housing Authority. The Authority began a housing program utilizing Federal Housing Administration, Mutual Help and Low Rent programs in 1968; 50 units of low rent housing have recently been completed in White Shield and Four Bears. OEO's Home Improvement Program has been of some assistance in repairing older homes.

The Community Action Program is the single largest employer of Reservation Indians at the present time. Over 75 staff members under an Indian director are administering OEO programs and are seeking additional control over Bureau programs run for the benefit of the Three Tribes. CAP also sponsors a Neighborhood Youth Corps program jointly with the Tribal Business Council.

The Bureau of Indian Affairs is conducting discussions with the Tribal Business Council which may soon lead to Tribal management under contract of Reservation property formerly run by BIA, such as water and sewer facilities. The BIA would assign its interest to the Tribal Business Council and pay a fee to it for the operation of shared facilities. The Bureau has in addition drawn up a $680,000 contract with a cooperative of Indian construction workers to build and improve Reservation roads. BIA administration of Aid for Dependent Children, Social Services programs, Surplus Commodities, and Institutional and Foster Care is increasingly coordinated with the Tribal Business Council and the CAP.

C. PROJECT ANALYSIS

The following EDA projects have been funded (or are being considered for funding) on the Fort Berthold Reservation:

Type and Nature of Project	Project No.	Date	Funding Grant	Funding Loan
1. PUBLIC WORKS PROJECTS				
a. Mandaree Community Center	06-2-00587	1968		$ 20,000
b. Four Bears Tourist Complex				
1) Sewers and Sewage Lagoon	06-2-00675	1969	$ 15,300	6,120
2) Water and Sewage System	06-1-00676	1969	171,200	42,800
3) Tourist Facilities	06-1-00677	1969	709,500	177,500
4) Supplement	06-1-00677-01	1970	409,000	
c. White Shield Community Center		Pending*		
TOTAL APPROVED			$1,305,000	$246,420
2. TECHNICAL ASSISTANCE PROJECTS				
a. Clay Products Feasibility	06-6-09192	1968	2,500	
b. N. D. State Univ. Center for Economic Development	06-6-09245	1969-71		
3. DISTRICT PLANNING GRANT				
a. United Tribes of North Dakota Development Corporation				
1) 12-month Planning Grant	06-5-11014	1969	22,140	
2) 12-month Planning Grant	06-5-11014-01	1970	26,757	
3) 6-month Planning Grant	06-5-11014-02	1971	12,710	
TOTAL APPROVED			$ 61,607 **	
TOTAL APPROVED			$1,369,107	$246,420

* This project was approved by EDA with a $128,638 grant in June 1971.

** This grant was made for the benefit of all four North Dakota Indian Reservations. The listed amounts are the pro-rated shares applicable to Ft. Berthold. As pointed out in the project descriptions, however, the four Reservations have not, in fact, derived equal benefit from the grant.

Detailed project-by-project descriptions and analysis follow:

1. PUBLIC WORKS PROJECTS

a. Mandaree Community Center, Project No. 06-2-00587, 1968.

EDA participated with HUD's Public Facilities program to assist the Three Tribes in the construction of a small community center at the largest and most heavily populated Indian town of Mandaree in 1968. The need for the facility had long been apparent to the Tribal Business Council, and an application was submitted to HUD and EDA in May of 1967. After a long period of negotiation, the application for a $20,000 loan for 10 years at 4-1/4% interest per annum was approved a year later. The Tribal Business Council contributed $5,500 to the project, and HUD granted a total of $76,515 to the total project cost of $102,015. The note to EDA is secured by an assignment of building rentals received from the Community Action Program (originally $2,040 per year) and by other Tribal income if necessary.

The impact of the community facility appears to have been significant in terms of service to Mandaree. Present "users" of the building usually range from 35 to 50 persons on a weekday, primarily Headstart personnel (6 employees) and students and various CAP outreach program recipients. Earlier beneficiaries of the project have included about a dozen heavy equipment trainees, some Turnkey III trainees, and many CAP trainees. In addition, the Center has been used for community-wide meetings and social events, and as the center for civic activities.

Any attribution of jobs and income benefits to the center, however, appears unjustified. Almost all of the training which has taken place in the center, with the exception of that for the heavy equipment operators, has been unrelated to specific jobs (other than CAP employment). Most of the 10 to 15 heavy equipment operators who attended some training sessions at the center took additional training, including all of their practical training, elsewhere. Discussions with Mandaree and CAP leaders indicate that the building is thought of as a HUD project, anyway. The $20,000 loan--EDA's first involvement with Fort Berthold--was appreciated but not considered of overriding importance to the project or the "development program."

Fort Berthold leaders have learned much about the use of a community center by the project. The building is considered inadequate for the uses to which it is put by today's standards, and hard use has worn it down quickly. Plans for the White Shield and Four Bears buildings are grander (and more expensive) as a result of the Mandaree experience. An application for a $514,000 facility for White Shield is currently being processed.

b. Four Bears Tourist Complex
   1) Sewers and Sewage Lagoon, Project No. 06-2-00675, 1969.
   2) Water Distribution and Sewage Collection System, Project No. 06-1-00676, 1969.
   3) Tourist and Recreation Facilities, Project No. 06-1-00677, 1969.
   4) Supplement, Project No. 06-1-00677-01, 1970.

The three associated public works projects through which the Four Bears Tourist Complex is being built comprise EDA's major effort on the Fort Berthold Reservation. The combined projects are designed to provide a major earning and job-providing asset to the Three Tribes on Reservation land immediately adjacent to the Four Bears Bridge. The 40 acre complex is to consist of a 40-unit motel, a restaurant, a marina with building and docks, a trailer park, a service station, and laundry facilities when it is completed in the early fall of 1971. It has been expected to provide about 80 jobs to local people, with a major portion of these jobs slated for Indians.

The Four Bears project is largely the result of the efforts of Paul Ewald, EDA-funded Fort Berthold planning director. Many people have been attracted to the idea of tourist accommodations at the scenic Four Bears site which could cater not only to the tourist trade but to the desire of New Town and nearby North Dakota citizens for a quality recreation and dining site. Ewald had laid plans for the complex during his earlier tour as the Community Action Program Tourism Development Officer, and when he was selected as the United Tribes of North Dakota Development Corporation planning specialist for the Fort Berthold Reservation in April of 1968, a proposal was prepared to meet EDA requirements. The application was submitted to EDA in May 1968.

The total cost of the combined projects is not yet clear. An EDA grant of $896,000 and a loan of $226,420 at 4-3/4 interest was approved in March of 1969, but a special condition to the loan specifies that loan funds cannot be released until a lease has been secured from a management group suitable to EDA. Such a group has not been found, and the need for construction financing was responsible for a supplemental grant of $409,000 in July 1970. The problems associated with finding a management group both desirous of leasing a beautiful but expensive (i.e., high overhead) facility on which no credible feasibility study has been performed and capable of operating the facility up to whatever potential it has continues to plague the project. The management contract concept is being discussed by both Reservation and Chicago Regional Office personnel, but the use of such a mechanism does not initially change the cash flow out of which the management group might normally expect to be paid (either fixed fee or fee plus incentive bonus). The use of a continuing operating subsidy from EDA or from another business-oriented public agency seems likely at this stage.

The Four Bears Tourist Complex has triggered several other development activities even before it has opened for business. About 20 Reservation Indians are currently undergoing training for designated complex jobs at the United Tribes of North Dakota Training Center in Bismarck; 50 more are slated for training before the project construction is completed. The Training Center is funded primarily by the Department of Labor, with $147,000 currently budgeted for conducting training for EDA projects such as Four Bears. The Bureau of Indian Affairs is offering to pay for Three Tribal members to attend a three-year hotel management course. The project was the primary cause of the improvement of electrical service to New Town and its industries; two Rural Electrification Administration companies which had been serving New Town and the Four Bears area with end-of-the line 7600 kilowatt power joined systems by subterranean cable under the reservoir, and New Town and such industries as Northrop Aviation currently have access to 69,000 kilowatt of stable electrical power as a result. The complex has additionally stimulated the development of the Four Bears area, just four miles across the Missouri River from New Town, as a population and Tribal government center. Fifty units of low rent housing have been built, a large and attractive PHS medical center has been nearly completed, and a large tribal administration building is being sought for the rapidly growing new community. In addition to these activities, nine Indian men were at least briefly employed in the construction of the facilities, and three of them performed at a level, according to the contractor, which justifies further work with the construction firm.

The future benefits attributable to the Four Bears Tourist Complex are difficult to project. Central to the projections on which jobs, income, and related benefits are based are critical assumptions about the amount of business the complex is liable to generate. It is quite clear that the present level of tourist traffic along Route 23 through New Town and Four Bears is insufficient to support the 80 plus jobs claimed for the project. The vast bulk of the 74 percent of North Dakota's visitors who travel over 1000 miles on their trip drive--as fast as possible--along Interstate 94 to the south, or U. S. 2 to the north, of Fort Berthold. A 1970 vehicle classification count taken by the State Department of Highways indicates that only 100 out-of-state passenger cars passed the site on a test summer day, and that number dropped to 18 in the winter. Average figures for the four seasons indicate that only 8 percent of the 537 vehicles passing Four Bears per average day are out-of-state auto tourists, and a full 42 percent of all vehicles consist of pick-up trucks, diesel trucks, and other types considered relatively uninterested in a luxury motel and Indian culture center. The Lewis and Clark Trail highway development will eventually funnel North Dakota and out-or-state tourists along a Dakota "recreation highway", but the site is poorly served by tourist transportation arteries at the present time.

If the complex becomes a drawing card in its own right--something virtually every contacted individual in the state hopes for--it may overcome this isolation problem prior to the necessary roadwork and may even encourage such development. But this depends almost entirely on how well the attractive and well-constructed facility is managed and on how well it meets the needs of North Dakotans. Most local people are pleased at the prospect of a heated indoor pool, a first class restaurant and an attractive marina in the area, but local hostelries have adopted a "wait and see" attitude toward the new competition. And competition will be keen if the facility is not operated well enough to draw new consumers into the New Town area.

Thus the choice of a management group or mechanism is critical to Four Bears in order to salvage the investment. It is almost certain that the project itself will not soon generate the level of funds necessary to pay the calibre of people needed to do the job. EDA surely recognized as much when a Motel Seminar held in Bismarck in early 1970 for the purpose of attracting a major motel group lessee to the site failed to generate real interest. Any option which is based on the assumption that the project will generate enough cash flow to pay the high wage payments desired by the Three Tribes, the debt service on at least $226,420 of loan money, and the costs of maintaining a facility on which little apparent cost-saving was employed in construction, and still have enough left over to compensate outside management for the efforts required to stretch the revenue that far, will be extremely difficult to sell.

Of more immediate importance is the need to acquire suitable management so as to free up the EDA loan funds required to complete construction. Available construction funds were scheduled in early March 1971 to run out during the month of April.

A possible solution to the problem is the letting of a management contract paid for out of EDA technical assistance or SBA funds to a management team known to be responsive to the tastes and desires of the North Dakotans upon whom early marketing efforts must concentrate. The Chicago Public Works Chief, Frank Zakrajsek, has recommended such a policy, and Paul Ewald has conscientiously sought capable individuals or teams for such an arrangement. The fact that the complex is closer and closer to becoming a "turnkey" project would make this arrangement more feasible.

The project still has much to offer the Fort Berthold area, but the only real immediate benefit to the Indians themselves is expected to be in the form of job income and occupational skills. It is extremely important to the EDA relationship with the Three Tribes that the Four Bears project be seen through to fruition rather than just completion of construction.

c. White Shield Community Center Project No. unknown, application in process

The White Shield Community Center is intended to serve the same purpose for its community as has the center in Mandaree. White Shield has several older buildings being used by Head Start and related programs, but the proposed structure is expected to add much to the physical assets of the town.

The application for the center was submitted in January of 1971. It had not been approved at the time of the site visit in March. The facility cost estimates contained in the proposal project a total cost of $514,553, of which 75 percent is to be provided by HUD under its Community Facility program. The center is supposed to lead to the creation of 27 jobs; no credible justification for this projection was uncovered during the visit, in view of the fact that all activities expected to be focused by or carried on in the facility are presently taking place elsewhere. Enthusiasm and support for the project are high, however, and it will be an important symbol of the growth of the small community.

2. TECHNICAL ASSISTANCE PROJECTS

a. Clay Products Feasiblility Study, Project No. 06-6-09192, 1968

The clay resources of the Fort Berthold area have been of some interest for many years, and in 1968, EDA approved a study to determine if this resource was commercially exploitable. A purchase order contract for $2500 was awarded to Thomas H. Miner and Associates for the completion of this analysis, and the contractor completed a report in June of 1968.

Little is known at the Reservation about the derivation or the history of this contract. No copies of the report were found, no evidence of the study was uncovered, and no effect attributable to the project was ascertainable in either New Town or Bismarck.

The study serves a useful purpose in separately analyzing each of the products for which Fort Berthold area clay was thought to be applicable and making general recommendations on a product by product basis. It is difficult to find value, however, in a feasibility study on a particular type or types of ventures which does not contain well-documented projections of the sales, production and selling costs, and income expected for a business operating at the particular location and in the particular situation under study. Unspecified and undocumented assumptions, occasional errors in fact, and a general lack of the numbers on which most business feasibility studies are based reduces the value of such a study to the decision maker. For instance, somehow lost in the recommendation of another (Three Tribes Stoneware is presently operating occasionally) decorative ceramics plant based on Fort Berthold clay is the fact that this Reservation resource presently costs over four times as much as does material received from a nearby city.

The study may well have stopped any plans for a concrete block or brick plant based on Fort Berthold raw materials and labor at the time of its presentation in 1968. Any stimulus to the establishment of the recommended ceramics plant, however, was retarded by the lack of useable data on which business planning could proceed and by the apparent operating difficulties in the existing New Town ceramics shop.

b. North Dakota State University Center for Economic Development, Project No. 06-6-09245, 1969-71

The NDSU Center for Economic Development is an effort to provide continuing support to the development programs of each of the four Indian reservations and six EDA designated counties in the State of North Dakota. The Center is funded by the EDA Office of Technical Assistance under a grant which is designed to pay administrative, travel, and salary costs for a staff of four and for part-time University consultants. The Center concentrates on acting as a catalyst in the development of apparently feasible projects in the broadly defined field of community development, and it is attempting to help assistance recipients to do their own development planning and implementation rather than to do it for them. The Center's twin objectives are to stabilize the rural community service systems and to further develop the agri-business sector in the target areas.

CED staff members have had little impact on the Fort Berthold Reservation; their reservation work has been concentrated on the more development-conscious Standing Rock and Turtle Mountain Reservations. Two staff members have paid three visits to Fort Berthold "in an effort to get things going", but no continuing work is being carried on there.

A more complete discussion of this state-wide program can be found in the Standing Rock Reservation report.

3. DISTRICT PLANNING GRANT PROJECT

a. United Tribes of North Dakota Development Corporation, Project No. 06-5-11014, 1968-present

Each of the planners at the four Indian reservations in North Dakota (two at Standing Rock) is an "Economic Development Specialist" member of the staff of the UTNDDC. The Corporation, chartered in 1968, is a formal attempt to coordinate the activities of the component Indian Reservations, to represent the "United Tribes" in formal dealings with non-Indian resource and interest groups, and--increasingly--to take over and manage those activities for the benefit of North Dakota Indians in which a single central agency has an apparent advantage over individual reservations. The formal structure of the UTNDDC consists of a Board of Directors, composed of the four Tribal Chairmen (soon to be expanded to eight Reservation representatives) and a salaried Director, which presides over the activities of the three staffs and their activities: the Planning Office, the UTND Training Center, and the Johnson-O'Malley (Education Funds) Office. The headquarters office is located in Bismarck, as are the Training Center and the Johnson-O'Malley office.

The history of the UTNDDC thus far has been shaped by the higher priority placed by its members on individual reservation needs than on coordinated state-wide programs. In those activities in which these two foci appear to merge, the Corporation has played a role. But the planning staff in particular has effected a retrenchment to individual reservations and the relationship between the UTNDDC headquarters (which has recently consisted of an office and an "administrative assistant") and the planners, aside from reports and paychecks, has been on a situational basis.

The UTNDDC may now be embarking on a new phase of its development. A new Director has just been selected by the members, and the Board is to be increased to eight so as to enhance the chances of a quorum at meetings. The Board is interested in expanding the Corporation's program by adding a Programs Office, taking over the operation of its own Training Center in July (currently operated under contract by Bendix Field Engineering Corporation), and more actively coordinating inter-Reservation economic enterprises. The United Tribes concept will continue to be little more than a paper organization, however, until it is perceived by the often jealously autonomous reservations as filling a real need.

The Fort Berthold representatives to the UTNDDC are the Tribal Chairmen and the "Development Specialist", Paul Ewald. The Three Tribes are currently the major recipient of training at the UTND Employment Training Center.

Paul Ewald, the Fort Berthold representative on the UTNDDC planning staff, has been at Fort Berthold for several years. As an individual with a banking and business background, Ewald briefly served with the Three Tribes Community Action Program as an industrial specialist and tourism specialist, and his energetic and conscientious efforts were instrumental in reaching many new resources and contacts. When the United Tribes of North Dakota Development Corporation was funded in April of 1968, Ewald was one of the first individuals selected for the grant recipient's planning staff. He has served in that capacity ever since, in addition to a brief tour as CAP Director in late 1968.

Ewald has been a prodigious worker during this period. He has written many proposals, compiled an OEDP, and generated much Reservation data for use by others in development programs. He has also been the prime mover for the Four Bears Complex throughout its entire history and is currently spending most of his time on that project. In the absence of well-defined Tribal leadership, Paul Ewald has assumed many of the functions of a Tribal development cadre in the interest of expediency. He has concentrated on the accomplishment of projects rather than the development of process. Ewald's many months of service have apparently afforded him some credibility, however, and he appears to be viewed by Tribal leaders with respect and considerable trust.

No jobs are directly attributable to Ewald's efforts so far. The jobs provided for Indians by the Four Bears Complex will be Ewald's major job accomplishment. Other accomplishments and activities of the planner are briefly cited below:

- development of plan and justification for linking of two main power lines across Four Bears channel, thereby improving electricity service throughout New Town area

- writing of proposal for White Shield Community Center submitted in January 1971

- development of data and assistance in proposal writing for $1 million Four Bears Tribal Service Complex; lining up of three architects on contingency basis

- assistance in inducing Northrop Corporation to New Town

- active participation in discussions with United Power Association about development of lignite resources on Reservation; instigation of $40,000 payment by Consolidation Coal to Tribal Business Council for two year exploration rights

- preparation of successful application for Office of Education Title I funding for local schools.

- direction of CAP for three month period during funding hiatus

- development of information used in a proposal for receipt of $400,000 of Crime and Safe Streets Act of 1968 funds for a Youth Center/Foster Home.

- active assistance to both Tribal Business Council and BIA in the effort to turn operational control of Reservation services over to the Three Tribes.

- active assistance to BIA in developing a college training program for three Indian youths in hotel management.

Ewald appears to be nearly indispensable to the Three Tribes, at least during the period of time required to get the Four Bears Complex in operation. This is generally acknowledged by Reservation leaders, and this perception is cause for concern among those who are most receptive to the growing mood of self-assertiveness on the Reservation. It would seem that a mechanism for passing on Ewald's skill and contacts to the Tribal leaders would be of great benefit to the future of the Reservation, though the training of only one or two young men might be threatening to other leaders. An EDA-inspired initiative from both Ewald and the Tribal Business Council to work more closely with one another might enhance the possibility that development will continue after Ewald is gone.

RESERVATION REPORT

GILA RIVER, ARIZONA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Gila River Indian Reservation comprises about 580 square miles of land in central Arizona immediately south of the Phoenix Metropolitan Area. The Reservation is the home of almost 8000 Pima and Maricopa Indians. The Indians in this area were traditionally farmers but the diversion of the waters of the Gila River by white settlers in the late 19th century left the Indian farm lands dry. Efforts to restore adequate water to reestablish the population-sustaining capacity of the agricultural lands have failed despite repeated government promises. With the demise of their traditional way and means of life, the Indians on this Reservation fell into a classic poverty cycle. Only in 1966, with the advent of several government programs to help native Americans, did the tribe muster the effort needed to make a concerted attack on poverty and its causes on the Reservation. The advantageous location of the Reservation juxtaposed with a major metropolitan area presented opportunities for economic development which are not available to more geographically isolated Reservations. Seizing the opportunities available to them, the Pima and Maricopa Indians on the Gila River Reservation have made a major effort toward economic development, principally with respect to industrial and tourism developments.

Economic Development Administration assistance has been significant in the progress made by the tribe since 1966. Three industrial parks on the Reservation funded by EDA have drawn a half dozen plants with more likely in the near future. Two projects funded by EDA are distinctly tourist-oriented. One provided for the construction of an Arts and Crafts Sales Center with an adjoining museum and restaurant. The second, still under construction, is a marina within twenty minutes of downtown Phoenix. This project is expected to draw boating enthusiasts from central Arizona, both as participants in boating and water sport activities and as spectators to periodic boat racing and water skiing competitions.

Service-oriented projects receiving assistance under EDA's public works program included two community buildings for two of the dozen residential settlements on the Reservation, a youth training and rehabilitation center for young boys with discipline or hardship problems, and a skill training center which offers basic and vocational training to various age groups among the tribal members.

One business loan has been extended at Gila River. This provided a non-Indian owned cattle feed operation on the Reservation with capital to expand its business. A single technical assistance project funded a study to determine general development guidelines and specific development projects for the four Interstate 10 interchanges on the Reservation.

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2. Conclusions

By December 1971, ten EDA projects on the Gila River Indian Reservation had been completed. These projects represented a total EDA investment of $4,387,000 in grants and $798,000 in loans. (An eleventh project the marina, was incomplete. Since this project, and two supplemental fundings for the industrial parks, are not yet at a stage to produce impact, they are not included in discussions of impact.) Jobs deemed attributable to these projects numbered 670. These are divided almost equally between Indians and non-Indians. The total income associated with these jobs is estimated at $3,443,000. About 620 of these jobs and $3,140,000 in the associated income are results of employment in the Reservation industrial parks. Capital expenditures in the parks have totaled over $3,500,000. Some $100,000 of this is by a tribally owned enterprise. The remainder represents outside private investment. Industrial prospects presently being pursued by the park managers could result in as many as 325 additional industrial jobs. These prospects represent varying degrees of probability. Over $1,000,000 is being sought from EDA for the establishment of tribally owned agri-industry in the San Tan Industrial Park.

The interchange development study recently completed has not as yet resulted in impact. However, were its recommendations followed through to fruition, this report projects an ultimate 115 jobs with $439,000 in income. Time is needed, however, to digest these findings and consider future courses of action.

The effect of EDA and other Federal government assistance on the Gila River Reservation has been manifestly great. The improvement in economic conditions is reflected in BIA employment surveys which show an increase in permanent employment in four years (1967 - 1971) of 540 jobs. In that same period, the percent unemployed among the tribe's work force dropped from 31 percent to 19 percent. While this still is an intolerably high unemployment rate, there is no doubt that significant progress has been made in reducing unemployment. During the same period, the tribe has also made notable progress in improving the level of social services and facilities It appears that the social and economic components of development are being pursued simultaneously with a balanced approach.

The future offers great developmental opportunities for the Indians of the Gila River Reservation. This is largely due to the certain continued growth of the Phoenix area and to a lesser extent, the Tucson area. As large continuous tracts of land disappear within the urbanized area, increased pressure for use of Indian land can be expected from developers. While this urban growth presents many economic development opportunities, it also carries with it many pitfalls. Sale or long-term lease of Indian land should not be taken lightly.

The tribe has several specific opportunities in the near future which could be economically beneficial to the tribe as a whole and to individual Indians. These include the possibility of a resort complex adjacent to the marina (if the sale of alcoholic beverages can be approved by the tribal electorate), a 60,000 seat stadium for metropolitan Phoenix (also at this interchange), development of an unused airfield into an air training academy, and future development of the agricultural potential of Reservation land.

3. Recommendations

In the brief five years since the Indians of the Gila River Reservation started a concerted push toward social and economic development in order to break the poverty cycle, significant progress has been made. However, given the strategic location of its large tract of land in the path of some of the most explosive urban development in the United States, it seems a safe assumption that even greater opportunities, for better or worse, lie ahead. Lacking natural resources and sufficient water for a population-supporting agricultural economy, the tribe's principal economic asset has become the development value of its large land holdings. This being the case the following recommendations are presented for the consideration of the Pima and Maricopa Indians at Gila River.

1. The sale of Indian land should be avoided. Long-term leases also result in a loss of control over the land for significant periods of time. When giving up control in cases where this is advantageous, the tribe should be assured of benefits at least equal in magnitude to its loss. Benefits may take several forms -- tribal profit from lease fees and/or profit sharing, employment and income opportunities for tribal members, and training opportunities for tribal members to acquire valuable skills. Careful consideration should be given to the possible gains of each venture, and employment that offers few opportunities for the advancement of tribal members may well be an insufficient criterion for accepting non-Indian enterprise on Indian land.

2. Control of ventures on the Reservation should remain in the hands of the tribe to the maximum extent possible. An Indian owned and operated enterprise, when feasible, should have the highest priority. Indian ownership with outside management may be necessary in most cases. In such cases, arrangements should be made to train the necessary personnel for ultimate take-over of the enterprise. Partnerships with outside interests is a lesser option, but still offers some degree of Indian control. Only when the financial and/or employment (in terms of quality as well as quantity and dollar value of employment) benefits are well worth the loss of control of the land should the tribe be willing to relinquish that control to outsiders. The tribe should carefully consider the future value of land holding when negotiating development prospects. The present value of land may be far less than its projected value as Phoenix grows and economic pressure on the land increases. The developers applying this pressure will be cognizant of these real estate trends. So must the tribe.

3. The various individuals and groups on the Reservation engaged in planning should be consolidated, or at least placed under a coordinated head. Funds and personnel for planning activities seem adequate, but not utilized to the highest degree possible.

4. Large ventures are usually made by large operators with considerable experience. Their own interests will be primary in their minds. When negotiating large ventures, such as the 100-unit motel complex recommended by the Interstate 10 Interchange study or the 60,000 seat sports stadium which seems a real possibility, it is critical that the tribe have outside advice and counsel equal to the task. There is always the possibility that what seems like a good deal to the novice in fact is not, or at least could be a lot better.

5. In order to increase opportunities for tribal members and insulate the tribal economy against sectorial economic depression, the tribe should continue to seek balanced development -- industrial, tourist/recreational, commercial and agricultural.

6. The non-economic spin-offs of all projects should be considered in project planning. For example, the pride instilled in tribal members by the museum/arts and crafts project is a cultural plus to which it is difficult to assign a monetary value. The cooperative community store suggested in the interchange study is a project which would have the benefit of promoting a sense of community. These are important factors for an Indian group coming off a long period of psychological as well as economic deprivation. After the basics of life are cared for, psychological rewards are as important as additional economic ones.

B. SETTING AND BACKGROUND

1. Location

The Gila River Indian Reservation is located in central Arizona about 15 miles south of the City of Phoenix and some 85 miles north of the second largest city in the State, Tucson. Interstate Route 10, the major arterial link between these two cities passes through the Reservation for a distance of 30 miles. The Reservation encompasses 372,000 acres of central Arizona's mild Valley of the Sun. The climate and topography at Gila River are typical of the southwestern Sonora Desert region.

The almost 8,000 Pima and Maricopa Indians who reside on the Gila River Reservation distribute themselves among 12 small communities. The administrative center of the Reservation is at Sacaton. Tribal headquarters as well as the largest concentration of community facilities are located in this community.

2. History

The Indian residents of the Gila River Reservation are members of the Pima and Maricopa Indian Tribes. These tribes have been farmers in this area of Arizona for millennia. When the white man first encountered the Pima Indians in the late 17th century, the tribe had a developed agricultural economy based on canal irrigation. The extensive ditch system relied exclusively for water on the then flowing Gila River. Hunting and fishing were practiced, but were secondary to agriculture. The introduction by the Spanish of wheat, livestock and new technology fostered the Pima agricultural economy to new heights. The Pima Indians in the mid-nineteenth century were "exporters" of agricultural production, the United States War Department being a significant customer.

However, as the influx of whites continued into the Southwest, the demand for water increased. As the new settlers established farms, they diverted the waters of the Gila River for their own irrigation purposes. After 1890, with the heavy water diversion practiced upstream, a critical water shortage developed for the Indians. By 1895, the U. S. Government had to supply wheat to the very Indians from whom several decades earlier it had purchased that commodity. The Pimas refer to this low point in their history as the "Forty Year Famine."

Several attempts by the Federal Government to rectify this injustice failed, and in some cases were counterproductive. A land allotment program to individual Indians was poorly conceived; sufficient water was still unavailable; and the division and further sub-division of land had chaotic repercussions. While the completion of Coolidge Dam in the 1930's brought some relief, the Reservation never again reached a population-sustaining agricultural economy. With the loss of agricultural employment and only minimal opportunities in surrounding communities for employment in other economic sectors, the future was indeed bleak. What employment there was was largely seasonal and unemployment was great. It was in a situation of near desperation that the Gila River Indian community took a decided step to influence its own destiny.

In 1966, the Gila River Indian Community Advisory Board and Tribal Council prepared an ambitious plan for social, community and economic development of the Reservation. The plan was called VH THAW HUP EA JU. This is traditionally what a Pima says in a crisis when he must "do or die." It has been translated as "It must happen." The plan was presented in Washington and the aid of several government agencies solicited. The plan was ambitious and included 51 separate projects in four categories: economic development, social development, community development, and tribal government and management. Problems of inadequate housing and sanitation, insufficient recreation and education facilities and difficulties of social adjustment were tackled along with a concerted attack on economic problems.

The efforts of the tribe have been fruitful. The 1967 survey showed 41 percent of the work force permanently employed, 28 percent temporarily employed, and 31 percent unemployed. The corresponding 1971 figures are 51 percent, 30 percent, and 19 percent. In 1971, 540 more Indians held permanent jobs than was the case in 1967.

3. Resources and Economy

The natural resources of the Gila River Indian Reservation are limited. There are no commercially significant mineral deposits. The soil, even in areas where it is rich, is agriculturally unusable without irrigation. There are 233,000 acres of irrigable land on the reservation, but after the diminuation of the water flow in the Gila River and only partial success in restoring the supply of water, only some 39,000 acres of the Reservation are irrigated. Gila River Community Farms, a tribal enterprise, employs 40 full-time and 30 part-time workers. About 100 Indian families work their own farm land with still others otherwise employed in agricultural activities. While farming is no longer of a sufficient magnitude to sustain the entire Reservation economy, it is still a significant source of employment and income.

Many Indian reservations comprise huge tracts of land. Unlike most others, however, the Gila River Reservation is not isolated from urban population centers. The Reservation's geographic position between the principal Arizona cities of Phoenix and Tucson has developed into a significant economic asset. From 1920 to 1960, the populations of the Phoenix and Tucson Metropolitan Areas grew at average annual rates of increase of over seven and six percent respectively. Phoenix ranked seventh and Tucson eleventh nationally in terms of population growth rates. By the year 2000, the population of the Phoenix area is projected to increase from its present 900,000 to 2,600,000; that of Tucson from 240,000 to over 1,000,000.

The Gila River Indian Reservation covers 581 square miles of land on either side of the principal route between these two cities. It is projected that the Phoenix-Tucson corridor itself will house 3,800,000 persons by 2000 making this emerging megalopolis the fifth most populous area in the United States.

In addition to the normal opportunities inherent in the ownership and control of so much (tax-free) land in so strategic a location, the climate and amenities of central Arizona are such that the area has emerged and is continuing to develop as a national tourism and recreation center. Tourist expenditures in the State rose at an annual rate of 10 percent in the decade ending in 1968 reaching $500,000,000 that year. It is estimated that half of this money was expended in the Phoenix area.

This explosion in both residents and visitors to the area surrounding the Gila River Indian Reservation presents both opportunities and dangers. As developmental pressure increases on the Indian land, the value can be expected to rise with a concomitant pressure on the tribe from developers desiring to gain control of the property. The range of possibility for gain and loss for the tribe and its members is great.

The economy of the Reservation has only recently begun to feel the effects of neighboring development. With EDA assistance, three industrial parks have been constructed. While one of these is agriculturally oriented, the other two clearly owe their existence to the proximity of the Reservation to Phoenix. The other EDA projects are oriented to tourist and recreation markets. These, especially the marina presently under construction, are also only feasible given the high concentration of population around the Reservation.

Recent and future developments will have their effect on the internal reservation economy also. As the Indian population and personal income increase, there will be greater opportunity to develop the on-Reservation economy. The present small population is spread among a dozen or so communities none of which is large enough to support more than a minimal service sector meeting the daily needs of the Reservation residents. A cooperative store central to the Indian population's centers and along Interstate 10 to tap the tourist market is in the planning stage. It is doubtful, however, that the Reservation itself, unless opened to residential development for non-Indians, will ever be able to support an elaborate service economy. Chandler, Coolidge and Phoenix will continue to meet the sophisticated needs of the Indians.

4. Tribal Government

The Gila River Indian Reservation is governed by a tribal council consisting of 17 members. Council members are elected from the seven districts into which the Reservation is divided. Each district has proportional representation. Executive authority lies in the hands of a governor and a lieutenant governor elected at large. Also elected at large are the tribal judge and an associate judge. The secretary and treasurer of the tribe are administrative positions filled by the council.

Leadership on the Reservation has been relatively constant for several years. The present governor was the lieutenant governor in the previous tribal administration.

5. Community Development

Largely with the financial assistance of various Federal agencies, the Gila River Indian Reservation has made manifest progress toward community and economic development. In addition to the usual Bureau of Indian Affairs and Public Health Service programs common to Indian Reservations, Gila River has received extensive assistance from the Economic Development Administration, and the Community Action and Model Cities programs of the Federal Government. This is the only Reservation in the country with a Model Cities program. Programs have been instituted in housing, health, community organization, and education and vocational training. Since 1966, 125 homes have been constructed on the Reservation. A contract has been signed for 100 more and fund reservations for over 100 more have been made under various HUD programs. A series of community buildings have been constructed, two financed by EDA and four by HUD.

It was estimated that the Reservation received about $6,400,000 in Federal assistance in financial 1970. This includes a Community Action Program budget of $350,000 annually and a Model Cities budget of over $900,000. This speaks highly for the "grantsmanship" of the tribal government. To some degree the Reservation's success in dealing with other Federal agencies is attributable to its experience in dealing with EDA, one of the first agencies with which the tribe had extensive dealings.

The Model Cities program on the Reservation is unique and has had a significant impact. The annual program budget comes to over $100 for every Indian on the Reservation. Model Cities employs almost 100 persons in a variety of programs. The staff needs of several EDA projects (the three industrial parks and the Arts and Crafts Center) are met out of Model Cities funds. The director of the program is a young and dynamic tribal member. He expressed concern over the form which economic development takes on the Reservation. Trading Indian land (assuming long-term leases in effect result in the loss of control of the land) for raw labor, assembly-line jobs is an insufficient approach in his view. He seemed to think that the tribe has not been tough enough in negotiations and has played a lesser role in the decision process than was their due. He advocated more careful attention to the type of economic activity sought than has been the case, and greater control of the utilization of the Indian work force.

6. Planning

Although planning efforts to bring industrial development preceded the VH THAW HUP EA JU program, it was with this concerted effort that planning in earnest began on the Gila River Indian Reservation. In early 1966, the BIA Superintendent, the tribal governor, and the tribal attorney presented the idea of developing an action program to break the poverty cycle on the Reservation with a multi-faceted attack on the problem. The impetus for taking this action at this time was the emergence of various Federal programs to support such activities on Indian reservations. The VH THAW HUP EA JU program was formulated and approved by the Tribal Council by the spring of 1966. The plan was presented to several Federal agencies in Washington in May of that year. Then Secretary of Interior Udall appointed a member of the Interagency Coordinating Committee as special liaison officer for VH THAW HUP EA JU. Within a year, EDA had committed funds to construct three industrial parks, one of the primary goals of the program. Although the economic development process was to have its stops and starts, it was on its way. The tribe had developed a consciousness of the possibilities of improving its lot.

The Gila River Reservation is one of five reservations comprising the South Central Planning Area of the Indian Development District of Arizona (IDDA). Since February 1968 this EDA-funded program has provided the tribe with an economic development specialist to assist in development promotion. This position is held by a graduate in economics from the University of Arizona. He has had extensive business experience including fourteen years in cattle and ranching, six years as a vice-president of an Arizona bank, and five years in other business activities. The specialist is also the director of the South Central Planning Area and as such, oversees two other development specialists serving other reservations in the planning area. He estimates, however, that ninety percent of his time is devoted to the Gila River and Ak Chin Reservations, both of which are in the planning area for which he is directly responsible. Ak Chin adjoins the Gila River Reservation. He maintains his office in the tribal headquarters building in Sacaton. Office space, secretarial help and supportive services are provided by the tribe as its in-kind contribution toward the IDDA grant.

The economic development specialist views his principal function as the creation and expedition of economic development and projects, the preparation and follow-through of the EDA application process. He serves on several of the corporations established by the tribe to administer various EDA-financed projects, including the two industrial parks jointly controlled by neighboring communities, the marina, and the Arts and Crafts Center. The specialist's only criticism of the EDA program was with respect to the business loan program tool. He felt the application process, investigation and bureaucratic red tape were sufficiently overbearing as to make the pursuance of business loans on ill-advised expenditure of time.

The specialist reported that the South Central Planning Area staff worked almost completely independently of the IDDA central office staff; that there was an almost complete lack of communication with that office. He did feel, however, that the recent appointment of a new IDDA director would improve this situation.

The Model Cities program on the Reservation is also engaged in planning. In addition to the day-to-day activities carried out by the Model Cities staff, the director and his staff are also engaged in the establishment of priorities for the Reservation. The scope of this activity is concerned with establishing priorities among all facets of development -- social and political as well as economic. There is some conflict with the more specific focus of the economic development specialists, including some of those on the Model Cities payroll.

While there appears to be sufficient personnel concerned with development matters, the various programs are not as well coordinated as they might be. The fragmentation of the Reservation planning effort is acknowledged by the governor. Some effort at consolidation is needed and he is cognizant of this.

C. PROJECT ANALYSES

The following projects have been funded by EDA on the Gila River Indian Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grants	Loans
1. PUBLIC WORKS PROJECTS				
a. Industrial Park				
1. Phase I	08-1-00281	1966	$443,000	$111,000
2. Phase II	08-1-01011	1971	286,000	
b. Industrial Park	08-1-00282	1966	420,000	105,000
c. Industrial Park	08-1-00279	1967	688,000	172,000
1. Supplement	08-1-00279-01	1970	77,000	19,000
d. Community Facility Bldgs.	08-1-00443	1967	85,000	
e. Youth Training and Rehabilitation Center	08-1-00447	1967	48,000	
f. Museum - Arts and Crafts Sales Center	08-1-00689	1968	494,000	111,000
g. Skill Training Center	08-1-00692	1969	986,000	165,000
h. Tourist Recreation Facility	08-1-00693	1969	832,000	
TOTAL APPROVED			$4,359,000	$683,000
2. BUSINESS LOANS				
a. Cattle Feedlot	08-3-00286	1967		115,000
3. TECHNICAL ASSISTANCE PROJECTS				
a. Highway Interchange Development Study	08-6-09252	1969	28,000	
TOTAL APPROVED*			$4,387,000	$798,000

*This does not include the Reservation's share of the statewide planning grant to the Indian Development District of Arizona, which does not lend itself to proration. See the brief discussion at the end of Section B above regarding planning activities on the Reservation.

A discussion and analysis of each project follows:

1. PUBLIC WORKS PROJECTS

a. Industrial Park, Project No. 08-1-00281, 1966, Project No. 08-1-01011, 1971

The VH THAW HUP EA JU economic development program of 1966 recognized the potential for industrial development on the Gila River Indian Reservation. The location of the Reservation adjacent to the Phoenix Metropolitan Area, and less than two hours from Tucson, provided a significant drawing card for industry. A major interstate highway and the Southern Pacific railroad crossed the Reservation thereby providing a favorable transportation situation. The tribal leadership became aware of EDA assistance for development projects largely through BIA officials, and in 1966 began to seek funds for a series of three industrial parks.

The first of these parks to be funded was the Pima-Coolidge Industrial Park located on the southern portion of the Reservation near the community of Coolidge, Arizona. It comprises 750 acres, divided into three sections.

While located entirely on Indian land, the development and operation of this industrial park is in the hands of the Pima-Coolidge Economic Development Corporation, a joint board made up of members representing both the tribe and the City of Coolidge. Half the board represents each jurisdiction. This corporation was established in 1966 for the purpose of developing and administering this venture. Late in that year EDA approved a grant of $443,000 and a loan of $111,000 for this project.

The Pima-Coolidge Industrial Park was completed and ready for occupancy in 1969. The park offers all necessary utilities, including electricity, gas, water and sewage, and is 15 miles from Interstate 10. It is served by a spur of the Southern Pacific Railroad.

Since the opening of the Pima-Coolidge Industrial Park, three businesses have established operations, two of which were continuing at the time of this evaluation.

The first company to locate in the park was Nu Pac, a subsidiary of Sovereign Industries formed to carry out a subcontract with the Pullman Company to build freight containers. Sovereign invested $175,000 in buildings located on land leased on the Park in December 1968. After about 18 months of operation, however, the Pullman contract was terminated when only half completed. The company had employed as many as 165 men while in operation, about half of whom were Indians.

Since the demise of Nu Pac, Sovereign has maintained ownership of the building they constructed and has continued to pay the $6,000 annual rent on the land. The company claims plans to reopen the plant with 50 employees within six months.

A second firm located in the Pima-Coolidge Industrial Park is Dela Enterprises. This firm established operations in the park in January 1970 and is engaged in the manufacture of pyrotechnic devices such as flares and gas grenades. It is primarily a subcontractor for the Department of Defense. The firm was drawn to this location by the BIA Industrial Development Specialist in Phoenix. It has invested $165,000 in buildings and about $100,000 in equipment. Dela Enterprises is a subsidiary of Aero-Space Techniques of Escondido, California, reportedly a well established firm in its field.

Employment at Dela has recently fluctuated between 15 and 60 persons. Low levels of employment occur during retooling periods. In late November, 1971, the firm had 37 employees, 20 of whom were local Indians, all operatives. No Indians have held one of the six managerial, professional or technical positions. The firm expected to hire an additional 25 operatives, including 20 Indians during December 1971. The projected work force for the near future is 75 - 80. The 1970 payroll for the plant is estimated at $200,000.

The other firm operating in the Pima-Coolidge Industrial Park is Gila River Indian Enterprises, a tribally-owned business. This firm has been in operation for two years and, after early financial difficulties, is now operating in the black. Initial problems were due to a poorly bid contract. Management of the firm was then turned over to a professional management firm on a contract basis, and now appears to be a relatively stable operation. The firm is engaged in the manufacture of canvas products for military, industrial, agricultural and recreation purposes. Plans are in progress for expansion into nylon products, principally recreational equipment such as back packs, tents and other camping gear.

Gila River Indian Enterprises employed 100 persons in November 1971. The payroll for 1971 is estimated at $360,000. Immediate additional hiring is planned. Existing and projected jobs are shown in the following table.

	Existing Jobs		Projected Jobs	
	Total	Minority	Total	Minority
Officials/Managers	2	1	2	2
Professionals	3	0	2	2
Technicians	1	1	0	0
Office/Clerical	2	2	2	2
Operatives	89	60	47	47
Laborers	1	1	0	0
Service Workers	2	1	0	0
TOTAL	100	66	53	53

The Gila River Indian Enterprises plant is located in an old airplane hanger. The firm has an investment of $100,000 in buildings and a like amount in equipment. It pays an annual lease fee to the Pima-Coolidge Economic Development Commission of $3,300.

The industrial park is also responsible for the generation of two jobs in park management and promotion. The park has a full-time administrator at $12,000 annually. He employs a secretary who earns $6,000 annually. This $18,000 operations budget is funded by the Model Cities Program.

The park administrator expects the addition of several new park residents in the near future. Prospects actively being pursued include an established Los Angeles brush manufacturer (25-30 possible employees), a New York metal fabricator (125 possible employees), and a manufacturer of household items (75 employees possible). These prospects are all in the early stages of development.

More immediately on the horizon is the expansion of an industrial relay manufacturing operation from nearby Coolidge. This firm, which employs Indians for its entire work force is thinking in terms of the eventual employment of 250 Indians within the park. It is hoped the plant construction will begin in 1972.

The administrator of the park estimates that $50,000 in lease payments annually is necessary to return a profit. This is roughly five times the present level of receipts. (Losses are minimized by the Model Cities contribution for administrative salaries.) It would appear that sufficient income levels to produce a profit are at least several years off.

Phase II of the Pima-Coolidge Industrial Park has been funded by EDA. This $286,000 grant will provide the necessary money to pave roads, increase the water supply, provide street lights, and construct a small administrative office building. It is hoped that this will increase the attractiveness of the facility and aid in attracting additional industry.

b. Industrial Park, Project No. 08-1-00282, 1966

The San Tan Industrial Park was approved by the Economic Development Administration concurrently with the Pima-Coolidge facility. Both parks grew out of the VH THAW HUP EA JU effort to promote economic development of the Gila River Reservation. This park is located entirely on Indian land and, unlike the other two Reservation parks, is not a joint project with a neighboring community. This 335 acre park is controlled by the San Tan Economic Development Commission, a wholly Indian body. EDA funding for the park included a $420,000 grant and a $105,000 loan, a total agency commitment of $525,000.

The San Tan Industrial Park was conceived as a facility mainly to house agriculturally oriented industry, especially feedlots and warehousing for surrounding farm lands. While no tenants have begun operation at this industrial park, several are expected in the near future.

Cal-Nap of Napa, California, has signed a lease for 20 acres of park land to operate a tannery. A capital investment of $450,000 is anticipated. Additionally, the firm will lease 30 acres adjacent to the park for evaporation ponds necessary to the tanning process. Initial difficulties revolving around the possible emission of noxious odors have been resolved with Cal-Nap agreeing to engineer the ponds as to produce no offensive odors. The pond area has been staked out and operation is expected to begin next year. Employment is expected to be between 30-75. Except for a half dozen management positions, the company plans to hire as many local Indians as possible.

A second expected tenant in the park is a food storage and marketing facility. This facility is meant to serve the 16,000 acres of tribally owned and operated farm land as well as 6,000 acres farmed by individual members of the tribe. Application has been made to EDA for a $414,350 grant for construction of this project. Components include a storage, office and scale building, truck scales, a grain storage building, a hay and pellet storage area, and a grain handling facility. Storage capacity will be 15,000 tons at any given time, or 30,000 tons annually given two crop yields each year.

Ultimately this operation is expected to employ 14 persons, six of whom would be on a part-time basis. One manager and one technician would be drawn from outside the immediate tribal community. Operating expenses are projected at $76,600 including $60,000 in salaries and an annual payment of $2,400 to the San Tan Economic Development Commission for use of land within the industrial park.

This facility will provide the storage space necessary to increase the dollar yield on Indian farm lands in two ways. First, insecticides, fertilizers and seed can be purchased in bulk at a savings. Secondly, crops can be kept off the market at harvest time and held until a better off-season price is offered.

Also, an application to EDA is in process for $600,000 for a feed mill for the industrial park. This facility would have the capacity to produce feed for 50,000 cattle. Employment is estimated at 12.

c. Industrial Park, Project No. 08-1-00279, 1967, -01, 1970

Pima-Chandler Industrial Park was the last of three parks approved by EDA in the early stages of the Gila River Indian Reservation's plan for economic self-sufficiency. This park was approved in early 1967. Funding included a grant of $688,000 and a loan of $172,000. In 1970 a second application was approved for park improvements. An additional $96,000 was extended to the Lone Butte Industrial Development Corporation in the form of a $77,000 grant accompanied by a $19,000 loan. The Lone Butte Industrial Development Corporation is a legal entity established for the purpose of administering and promoting the Pima-Chandler Industrial Park. Its board is comprised equally of Indian members from the Gila River Reservation and citizens of the City of Chandler, Arizona. This project represents a joint effort between the tribe and the City of Chandler, although the industrial park is located entirely on Indian land.

Pima-Chandler Industrial Park is located five miles west of Chandler adjacent to the Maricopa Road interchange of Interstate 10. This places the facility 18 miles and 20 minutes from downtown Phoenix. The 315 acre park offers all utilities and is served by a spur emanating from the adjacent Southern Pacific line. Since the park was available for occupancy in 1969, four industrial plants have been constructed.

Anthony Farms is an agricultural operation involved in the production, packing and distribution of produce, principally lettuce, carrots and melons. The packing and distribution operations are carried on at a 40,000 square foot plant on a six acre site at the Pima-Chandler Industrial Park. In operation since April 1970, this facility represents a capital investment of $1,300,000.

The firm had been operating in the produce business in Arizona before the establishment of this plant. Anthony Farms is relatively new as a distinct corporate entity, but its owner and operator has been in the business for many years and owns two similar companies in California. The firm has substantial production acreage in the area of this plant, including land on the Gila River Reservation leased from the tribe.

Employment at Anthony Farms is variable depending on the level of produce to be processed. The number of employees can range from 20 to 400. Some 1800 different individuals have worked for the firm in the last year. The annual payroll was estimated at $500,000 by management. Of these employees, some 90 percent are either Indian or Mexican-American.

A second plant operating in the Pima-Chandler Industrial Park is Pima Valve Company. Established in Los Angeles in 1967, this firm, desirous of moving out of that city, was drawn to the Gila River Reservation by a Washington EDA official.

Its 17,000 square foot building occupies a five acre site within the park. The plant was constructed by the Gila River Tribe at a cost of $131,000. The tribe retains ownership of the building which it leases to Pima Valve for $1,975 per month.

Pima Valve employed some 13 persons in 1971, eight of whom were identified as Indians. The total payroll was put at $110,000.

The company is in the business of producing valves for ship board use. As such it is subject to the vicissitudes of maritime and military ship building. Management of the firm states that expansion is possible if business warrants.

Sharing the Pima Valve plant is C. I. Morgan Company. This firm subleases space from Pima Valve and is involved in the design, production and sale of industrial cleaning equipment and chemicals. The firm, organized in late 1970 by a group of Scottsdale, Arizona, businessmen, wanted a site in the Phoenix area and was drawn to this industrial park because of the availability of the Indian work force. (The director of the firm seemed unaware of the industrial park on the Salt River Reservation, adjacent to Scottsdale.)

At the time of this evaluation, Morgan employed only two persons. Two Indians had recently been laid off due to the completion of a contract. The director, however, seemed optimistic about 1972. He expected an average of 25 employees with a $150,000 payroll for the year, and hoped for expansion sufficient to warrant additional space, probably within the Pima-Chandler Industrial Park.

Barron Container Corporation operates a 100,000 square foot plant on a 13 acre site in the Pima-Chandler Industrial Park. The firm is engaged in the manufacture of foam containers. The plant, representing a capital expenditure of $1,200,000, employs a work force which varies in size between 200 - 250. Virtually this entire force is drawn from the hardcore unemployed in the area, principally Indians and Mexican-Americans. The work requires a minimum skill level for which the employees are trained under agreement with the Reservation Skill Center.

Barron claims a great deal of difficulty assembling a steady work force. The personnel director attributed the difficulty to several interrelated problems. Alcoholism and non-developed work habits and attitudes contribute to a high degree of absenteeism. Transportation and communication facilities are less than sufficient to assure regular attendance. The Reservation population is dispersed over a wide area. Ninety percent of the work force does not own a car and a large part is also without available telephone service. The firm, however, seems to accept these problems as part of its particular operating situation, and has developed a series of mechanisms for alleviating the difficulties.

Employees are now rarely fired, as had been the common means of dealing with behavior not in line with the traditional operation of a modern industrial facility. Employees who cannot or prefer not to work for a given period are now temporarily suspended or granted leave. They do not loose raises earned by time on the job, but start at their old salary level upon returning to work. An attempt has been made to find supervisory personnel sensitive to the problems of the formerly unemployed. An informal counseling service is offered. Also, to serve Barron and the other industries in the three Reservation industrial parks, the tribe has acquired ten busses which travel between the population centers of the Reservation and the employment locations, principally the parks.

The annual payroll of Barron is about $1,000,000. Operatives, the bulk of the work force, start at the State minimum wage level of $1.60/hour. Raises are granted for time on the job, and various off-hour shifts. The maximum hourly wage paid to operatives is $2.25.

The last firm operating at the Pima-Chandler Industrial Park is United Mobile Home Trailers. This firm manufactures double-width mobile homes and has been in operation at this location since March 1971. The 66,000 square foot facility represents a capital investment of $500,000 in plant and machinery. It occupies a site of over 10 acres in area.

United has a work force of 120 plus about 10 individuals in management. The gross payroll is in the neighborhood of $1,000,000 annually. Some 40 percent of the work force comes from the ranks of the hardcore unemployed. About one-fourth of the force is Indian. This manufacturing firm has been operating at about 75 percent of capacity. It is anticipated that 1972 will see the plant operating at full capacity with an increase in the work force of about 30 percent.

While a new firm, the principals are individuals with previous experience in the business. The firm wanted to settle in the Chandler area, and the mayor of that city was instrumental in bringing United to the Pima-Chandler Industrial Park. The firm was assisted by an SBA loan in establishing itself in business.

Additional employment attributable to this industrial park is in park management and maintenance. A park administrator and secretary are responsible for this park as well as the San Tan Industrial Park. A crew of three is available for maintenance work at all three Reservation industrial parks. Of Model Cities funds set aside for the three parks, approximately $13,000 in salary can be assigned to Pima-Chandler.

d. Community Facilities Buildings, Project No. 08-1-00443, 1967

In the last several years, six of the population centers on the Gila River Indian Reservation have been provided with community buildings. Four of these were constructed with $310,000 in funds from the Department of Housing and Urban Development. Two others, in the communities of Bapchule and Santa Cruz, were constructed at a cost of $107,500. Of this amount, $85,000 was secured from EDA under the public works program.

These buildings serve a variety of purposes. They are used for numerous community meetings, as recreational centers for various age groups, and as educational facilities. Such programs as Head Start and adult education utilize the buildings.

The buildings are simple structures, basically a single large room off of which are supportive facilities -- rest rooms and kitchens. The Model Cities program provides funds for community coordinators who in some cases make their headquarters in these buildings. No employment or income can be attributed to these facilities, however, since the community activities and coordinators funded by Model Cities were not contingent on the buildings. The service impact of the buildings, however, is significant.

e. Youth Training and Rehabilitation Center, Project No. 08-1-00447, 1967

In 1967, EDA committed $48,000 toward the construction of a small home for boys with special problems. These are mainly cases of youths with delinquency or truancy records. Other boys neglected by the parents are also housed. Before the construction of this facility, boys in need of assistance were usually sent to distant facilities off the reservation, or, in the case of older boys, to regular adult retention facilities. The tribe felt that it could better deal with these youthful offenders within the confines of the reservation with a more sympathetic approach to rehabilitation. It sought and received EDA assistance for two-thirds of the $72,000 project cost. The facility was opened in January 1970.

The Youth Training and Rehabilitation Center has a capacity of 16 boys and usually has from ten to 16 resident youths. It is administered along with a similar facility for girls. The administrative staff for the two facilities consists of five persons. Additionally, four individuals -- house parents and personnel involved in food preparation and maintenance -- are employed at the boys' home itself. The total payroll for both homes is approximately $34,000 annually. The director estimates about $20,000 of this is attributable to the boys' home. Payroll and operating funds for this youth rehabilitation program are granted by the Bureau of Indian Affairs.

f. Museum/Arts and Crafts Sales Center, Project No. 08-1-00689, 1968

This project represents an attempt to promote and develop an appreciation for the cultural and artistic heritage of the Pima and Maricopa Indian Tribes (as well as Indian culture in general) and to do so by tapping the economic potential of passing motorists on Interstate 10.

This project was originally conceived as a museum and sales center for Indian arts and crafts, along with a restaurant and cocktail lounge. The idea was that the restaurant and lounge would be the principal income generator which would subsidize the museum, which produces no income, and the sales center, which was expected to produce minimum income. EDA assistance was extended to this facility in the form of a $494,000 grant and a $111,000 loan.

The building located adjacent to an Interstate 10 interchange was completed in early 1971 and had its formal opening on March 15. The EDA funds proved insufficient for several finishing touchs. BIA funds were sought and granted to complete the parking area. Landscaping is still in progress and is being done under the direction of the facility manager with local Indian labor. The building is of unique architectural design and very attractive.

The original concept of the financial arrangement under which this facility would operate proved infeasible when the tribe voted against the sale of alcoholic beverages on the Reservation, and thus precluded a cocktail lounge. Without the lounge component, the Gila River Arts and Crafts Corporation, which is the executive board responsible for the facility, was unable to locate an outside entrepreneur willing to establish a restaurant. A new financing concept was needed.

The Board of Directors hired one of its own members as director after a search for someone to fill this position failed to turn up a suitable candidate. The director is a young, non-Indian who had grown up in Indian surroundings and is highly interested in Indian arts and crafts. He has taken a leave of absence from his primary career as a forest ranger to operate this facility.

In order to get the center operating, the Reservation Model Cities program has extended $25,000 a year for operating costs for the present. This covers the salaries of five persons, including the director. Additionally, three other persons, earning an aggregate of $12,000, work in the sales center and are paid by Operation Mainstream funds. In its first several months of operation, the sales center has done surprisingly well. November 1971 saw a sales volume of $22,000, half of which was profit. The majority of the profits from the sales center are now being used to increase the inventory. A starting inventory of $20,000 has grown to a value of $125,000.

The sales center does not rely exclusively, or even principally, on passing vehicular traffic along Interstate 10. The goods for sales are high quality art objects with little if any of the stock being of the trinket variety. Hand-woven rugs priced up to $4,000 and Indian jewelry up to $2,000 per item are on display. Genuine Indian art is very popular in art circles at present and is even considered an excellent financial investment. Although on occasion tourists have surprised the staff by spending several thousand dollars, most significant sales are to individuals consciously seeking high quality, expensive Indian art objects, and seeking out the center for that purpose.

Those profits produced by the sales center not returned to inventory go toward the development of the museum and to subsidize the coffee shop established and operated by the board. The museum is at present only a series of old photographs depicting Indian life. A more elaborate facility is being planned, with significant help from personnel from the Smithsonian Institution in Washington, D. C.

The coffee shop was established as an internal operation when the board failed to locate an outsider willing to take on the project. This has been a losing operation so far. While losses have been at the rate of about $250 per week recently, they have diminished as the business developed and began to run more smoothly. The coffee shop employs five full-time and two part-time personnel with an annual payroll of $25,000.

The part of the building which was to be the cocktail lounge has been leased to the FM-4 Corporation. This tribally controlled (51 percent) enterprise provides key-punching services on a contractual basis using all Indian personnel. The firm has agreed to pay $611 per month rent for the space it uses. This exactly covers the debt on the EDA loan. The FM-4 employment (about 20), however, can not be attributed to the existence of the EDA project because the firm's existence predates the project and, were space unavailable at this facility, it is certain that it would have been located elsewhere on the Reservation. FM-4 does, however, lighten the financial difficulties of the facility in its early stages of operation by its rent contribution. The firm has a six-month lease with a six-month renewal option.

Other financial assistance has been forthcoming from an adult education grant for crafts development, and a grant from the Indian Development District of Arizona.

One goal of this facility seems to have been realized, or at least is on its way to being realized. Several persons interviewed noted the pride instilled in the tribal members by the facility and its promotion of Indian culture. It is hoped that the museum will carry this goal even further making both Indian and visiting non-Indians alike aware of the Indian past.

The economic success of the project is still a question mark. The early stages of the operation are heavily subsidized by Model Cities and other external funding. This allows the reinvestment of profits from sales into inventory. It is hoped that sufficient profit levels from the sales center and the restaurant will be generated to continue the operation without this outside assistance.

g. Skill Training Center, Project No. 08-1-00692, 1969

In order to enhance the skill levels of the Indian population of the Gila River Indian Reservation, the tribe applied for and received EDA assistance for the construction of a skill center. This project, approved in April 1969, was completed and ready for occupancy in March 1971. The facility includes a series of adjoining buildings totaling 60,000 square feet. There are four vocational-technical laboratories, 18 classrooms, a library, a day care center, a cafeteria, a kitchen, a lounge and administrative offices within the complex. Cost of this project was $1,151,000. EDA extended a grant for $986,000 and a loan for $165,000.

The Skill Training Center is operated by Central Arizona College (Coolidge) under contract to the tribe. The college has a 25 year lease on the facility. Funding for the educational program has come from various sources including the Bureau of Indian Affairs, the Reservation Community Action Program, and the Indian Development District of Arizona. The principal source of funds, however, is the MDTA program of the Department of Labor.

Courses are offered in such fields as agriculture, automobile mechanics, automobile body repair and painting, child care, clerical skills, and health education. The skill center has a capacity of 300 students, but has been operating at less than full capacity in the few months since the complex was completed. Few students have completed the program to date, but of those who have, 78 percent were successfully placed in jobs. To assist students in attending school, day care facilities are available for young children and students are paid while in the program. They receive $46 per week plus $5 per dependent while attending classes.

The staff of the skill training center numbers 26, 11 of whom are local Indians. The three-man administrative staff is entirely Indian. Additionally, there is a clerical staff of three, one of whom is an Indian. The instructional staff consists of 13 instructors and three teaching aides. Three of the instructors and all three aides are Indians. The two maintenance personnel and two bus drivers are non-Indians. The total payroll of the facility is approximately $200,000 per year.

The only serious problem encountered during this evaluation was the uncertainty of future MDTA funds. Present programs are funded only through March of 1972. After that date, if MDTA funds are not forthcoming, alternative sources of financing the program will have to be found. With its long term lease to run the skill center, the responsibility for locating operating funds falls on Central Arizona College. Alternative possibilities are being investigated while word is awaited on MDTA monies.

h. Tourist Recreation Facility, Project No. 08-1-00693, 1969

The Sun Valley Marina is a recreation oriented project along Interstate 10 between Phoenix and Tucson. The first phase of this project involved the building of a 135 surface-acre lake, including docking and boat launch facilities, a restaurant, rest room facilities, and administrative offices. Project financing was provided by an $832,000 EDA grant. The 25 percent tribal contribution ($208,000) was in-kind in the form of the land.

The development of this project was based on the tribe's desire to develop the four Interstate 10 interchanges on the Reservation. The idea for the development of a marina came from a non-Indian familiar with a similar facility in California. Arrangements were made for the tribal leaders to tour the California marina and, favorably impressed, plans were developed and EDA assistance sought for a marina on the Gila River Indian Reservation. The marina is located at the interchange closest to Phoenix.

Tapping markets in both Phoenix (15 miles to the North) and to a lesser degree Tucson (100 miles to the South), this project aims primarily at boating enthusiasts. Daily use will be by boaters in the area, using their own or rented boats. There will also be complementary facilities for swimming and sun bathing. Also envisioned, and critical to the economic success of the project, are professional power boat and water skiing competitions. The expected success of these ventures is based on the California marina which has drawn over 12,000 spectators to such events.

EDA funds are presently being requested for a second phase of the marina development. Application has been made for an additional $724,600 to complete the facility as originally conceived. This second grant would cover the costs of a judges stand for competitive events, retaining walls for the launch ramp, paving for the entry area and parking lot, additional rest room facilities, survey and construction of buoy anchors (to delineate racing course) and a large gravel parking lot (8,000 car capacity) for spectator events. Except for the last item, these components were to have been part of the first phase of development, but funds proved insufficient for their inclusion in the construction contract. The large gravel lot is necessary because it was later discovered that the surrounding desert land could not support the degree of use associated with massive parking of automobiles without a gravel top layer. This parking lot represents the bulk of the funds requested for the second phase development ($400,000).

The projected operating statement for this facility (included in the Phase II application to EDA), shows a projected annual profit of $191,000 at maximum utilization of the facility. Income is estimated at $538,000, expenses at $347,000. The initial year of operation is projected to produce a profit of $22,000 building up to the maximum utilization level in six years. Income projections are based on a 365 day per year operation with 30 boats per day using the facility on weekdays and 125 on weekends. (The capacity of the lake is 150 boats and it is proposed that no more be allowed at one time.)

Also assumed are eight major competitive events per year drawing 10,000 spectators each. It is planned that 90 percent of all profits accrue to the tribe with the remaining 10 percent going into a contingency fund. Responsibility for the project is in the hands of the Sun Valley Marina Corporation, the Board of Directors of which consists of 3-15 members as appointed by the tribal council.

Employment projections show three full-time managerial positions and 30 part-time employees. The annual payroll for this staff would be $162,000. The marina and concession managers would be the only non-Indian employees. (In the Phase II EDA application, under "New Job Opportunities Provided by This Project," the number of jobs is shown at 40, seven more than in the projected income statement.)

This project, it is hoped, will be in operation by the summer of 1972. The pumping stations constructed under Phase I are expected to start filling the lake in early 1972. Because the judges' stand is located on an island in the center of the lake, it is critical that it be constructed before the lake is filled. It is, therefore, important that at least this part of Phase II receive immediate attention if the project is to open as presently scheduled.

2. BUSINESS LOANS

a. Cattle Feedlot, Project No. 08-3-00286, 1967

The Trimble Cattle Company is in the business of custom feeding of cattle belonging to ranchers in the area. The company operates on 46 acres of Indian land near Chandler, Arizona, leased from the Pima and Maricopa Indians of the Gila River Indian Reservation. The company expanded its operation in 1967 by constructing a new feedmill. Financing for this venture came from a $115,000 loan from EDA under the agency's business loan program and a $76,200 commercial loan from the First National Bank of Arizona. Mr. Trimble implied that an EDA loan was sought because it was an opportunity to borrow the needed capital for expansion under the most favorable terms. Cognizance of the loan program came from the tribe.

Employment at Trimble varies from 2 to 15 persons with a total annual payroll of $60,000. The construction of the mill resulted in 7-8 new full-time jobs and 8-9 part-time jobs. Only a couple of these positions, however, are held by Indians. It is difficult to attribute any direct benefit to the Indian community of the Gila River Reservation as a result of this EDA loan. While the profitability of an enterprise on tribal land may have been augmented, this has not resulted in greater income or job opportunities for either the tribe as a whole or as individuals.

3. TECHNICAL ASSISTANCE PROJECTS

a. Highway Interchange Development Study, Project No. 08-6-09252, 1969

Part of the 1966 plan for economic development on the Gila River Indian Reservation was the economically beneficial exploitation of the four Interstate 10 interchanges on the Reservation. The tribe sought and was granted EDA financial assistance to engage a professional economic development consultant to determine the best plan of action with respect to interchange development.

In December 1969 a $28,000 technical assistance grant was extended to the tribe. With these funds, the firm of Ernst and Ernst was hired. Their report, "Assessment of the Development Possibilities at Interstate Interchanges in the Gila River Indian Reservation" was prepared during 1970 and published in February 1971.

The report makes general land use and zoning recommendations for the four interchanges and provides specific, detailed analysis for five development projects at two of these interchanges. A "Summary of Capital Requirements and Potential Economic Benefits" from the report is shown on the following page. At full development, the five projects would project 115 jobs with an annual income of $439,000. The net income generated by the projects is projected at $454,000.

For each of the five recommended projects, the consultant performed extensive and detailed market analyses showing evidence of the financial feasibility of the project under investigation. Sources of information and assumptions made are carefully outlined. Projected operating and cash flow statements were prepared for each of the five projects. Capital requirements are shown in some detail. Various forms of ownership and management arrangements are presented, discussed and recommendations made.

Two projects are grouped together in the analysis. A 100-unit motel and accompanying restaurant are part of a proposed resort complex at the Maricopa Interchange with Interstate 10. Because the location by itself does not constitute a terminal destination, an entire complex, including a golf course and related to the soon-to-be-completed marina, is proposed. The success of this proposed project, however, is tied to the availability of alcoholic beverages to patrons. The consultants state, "In our opinion, market requirements make it mandatory for alcoholic beverages to be available at the resort complex." The economic feasibility of the Arts and Crafts Sales Center was also based on the sale of alcoholic beverages, but with respect to that project, the tribe voted against an ordinance allowing the sale on the Reservation. Therefore, a key component of the major project recommended by the technical assistance report is lacking and does not seem to be forthcoming. The bulk of the jobs and income projected by this report are attributable to the report complex.

Gila River

SUMMARY OF CAPITAL REQUIREMENTS AND POTENTIAL ECONOMIC BENEFITS

	Motel	Restaurant	Gas Station	Cooperative Store	Campground	Total
Construction	$1,553,110	$233,690	$120,000	$220,000	$60,000	$2,186,800
Working capital	100,000	60,000	14,000	24,000	12,000	210,000
Total capital required	$1,653,110	$293,690	$134,000	$244,000	$72,000	$2,396,800
Net income:						
First year	$ 202,000	$ 45,000	$ 10,000	$ 12,000	$26,000	$ 295,000
Tenth year	271,000	57,000	20,000	41,000	65,000	454,000
Anticipated returns on investment (first year)	14%	17%	12%	12%	45%	
Annual wages:						
First year	$ 142,000	113,000	$ 19,000	$ 50,000	$ 8,000	$ 332,000
Tenth year	186,000	137,000	35,000	70,000	11,000	439,000
Jobs:						
First year	50	Included with motel	15 full & part time	10 full & part time	5	80
Tenth year	67	Included with motel	27 full & part time	14 full & part time	7	115

RESERVATION REPORT

LOWER BRULE, SOUTH DAKOTA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Lower Brule Indian Reservation is located in central South Dakota. Lower Brule, the administrative center of the Reservation, is located 72 miles southeast of Pierre, the State Capital. The Reservation, which is located on the eastern border of the Big Bend Reservoir, occupies approximately 232,715 acres. The Indian population of Lower Brule is estimated to be 582.

EDA assistance to the Lower Brule Reservation has consisted of one public works project, an industrial park improvement, and a two-year planning grant which was shared with the neighboring Crow Creek Reservation. While the impact of these grants has been minimal, and only nine jobs have been created, the amount of money involved has been quite small.

2. Conclusions

The only significant EDA contribution to date to the Lower Brule Reservation has been in the form of an industrial park improvement at a cost of $16,776. The firm occupying the park area is currently employing only nine persons, although the number of jobs fluctuates considerably. The job income generated for the past year was approximately $57,600. The project has had some impact on the development process on the Reservation, however. Tribal leadership is now more aware of the problems associated with industrial development (the firm occupying the tribally constructed building on the park is the third firm to be doing so), and has a more thorough understanding of the financial planning required for the establishment of a sound business operation.

Although the joint planning grant had no significant impact on the Reservation, the tribal leadership recognizes the need for an economic planning capability. It has therefore prepared an application to EDA for a planning grant, which it hopes will allow them to select a capable individual who can assist them in various industrial, commercial and tourism planning efforts.

The small population of the Lower Brule Reservation and the inability to develop a cooperative planning and development program with the Crow Creek Reservation may severely handicap development efforts. Nevertheless, the tribal leadership is concerned about economic development and eager to carry out its own program. The involvement of tribal leadership in economic development and the experience gained by the leadership can be counted as the major effects of the program to date. As such, they contribute significantly to future development potential of the Reservation.

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3. Recommendations

Like its neighbors the Crow Creek Sioux, the Lower Brule Sioux tribe needs to develop its recreation resources, to plan for the use of its land resources in a creative and consistent manner and to make it possible for members of the tribe to use their skills in an industrial work force to the maximum extent compatible with their interests and abilities. To accomplish these goals the following actions are recommended:

1. The tribe's application for a planning grant should be favorably considered. The tribe needs a full-time planner to help it plan a practical development program.
2. One of the first tasks which the planner should face is the development of a strategy which would be understood and agreed to by the tribe. A detailed comprehensive plan is not necessary but a simple and straightforward analysis of resources and ways to use them would help channel efforts to maximum effect.
3. Early attention should be given to the development of a tourism complex which can help the tribe benefit from its proximity to Lake Sharpe. This complex should not be a carbon copy of the Crow Creek complex, but should provide complementary facilities.
4. Continuing attention should be paid to assistance for small ranchers on the Reservation through cooperatives and other means.

B. SETTING AND BACKGROUND

1. Location

The Lower Brule Indian Reservation, located in central South Dakota, borders on the Big Bend Reservoir. Although the northwest corner of the Reservation is within 15 miles of Pierre, the State Capital, the distance from the town of Lower Brule to Pierre is 72 miles. Chamberlain, located 36 miles southeast of the town of Lower Brule, is the nearest city furnishing retail and service facilities. State Highway 47, which crosses the Big Bend Dam, traverses the southern part of the Reservation. Commercial airline service is available at Pierre. The Corps of Engineers has an airport (not all-weather or lighted) capable of handling light planes 12 miles from Lower Brule. Rail service is available at both Pierre (Chicago and Northwestern Railroad) and Chamberlain (Milwaukee Railroad).

2. History

The Lower Brule Reservation is the home of the Lower Brule Sioux, a division of the Teton Dakota or Western Sioux. Originally from the wooded areas of Minnesota and Wisconsin, the Teton Dakota moved west into the Plains area during the 18th century, where they developed an economy based primarily on the buffalo. Incursions of white settlers into the area, however, led to increasing hostilities between Indians and whites. After numerous skirmishes, the Lower Brule Sioux were confined to various reservation areas. They have occupied their present Reservation since 1889.

Today, the population of the Lower Brule Sioux Reservation is approximately 582. Of this number, a majority live in the town of Lower Brule. Many of the residents of Lower Brule have had to move twice in the past several years due to the building and flooding of the Big Bend Dam on the Missouri River. Thus the present location and town of Lower Brule is new. Old Lower Brule was located one mile east of the present townsite.

3. Resources and Economy

The primary natural resource of the Lower Brule Reservation is the land. Originally, the Reservation included 446,500 acres. Over half of this was relinquished by the tribe and opened to homesteaders, so that by 1907, the Reservation had been reduced to 232,715 acres. From 1907 to 1934, Indian lands were reduced still further, and it is currently estimated that the tribe owns approximately 107,000 acres in trust status, 74,000 acres of which are tribally owned and the remainder individually allotted. The tribe also has the use and benefit of 13,000 acres of government-owned land. The quality of most of the land, however, renders it suitable only for grazing. Nevertheless, income from farming and ranching adds an estimated $385,000 to the economy of the Reservation each year.

The possibility of oil and mineral deposits on the Reservation are as yet unexplored. It is anticipated that EDA will fund a technical assistance study in the current fiscal year to determine the extent and availability of such resources.

The recreational potential of the land appears to be considerable. Lake Sharpe, one of the four great lakes of South Dakota formed by the Big Bend Dam, borders the Reservation. The Corps of Engineers has constructed five boat ramps and two boat docks on the Lower Brule side of the lake, so that tourists can take advantage of the boating, swimming, sailing, and water skiing opportunities afforded by the area. Five million rainbow trout have also been stocked in the reservoir to encourage fishing, and the lands surrounding the lake have ample supplies of deer, antelope and water fowl. The corps, however, is the only agency developing these sites at the present time, although the tribe is anticipating approval of a tourism complex by EDA in the near future.

With respect to industrial and commercial development, the Reservation, with assistance from EDA, has a partial industrial park area with surfaced streets, curbs and a water system. The accessible area is now completely utilized by Iron Nation Corporation, a joint venture of the Lower Brule Sioux Tribe and Raven Industries. Commercial services available on the Reservation are extremely limited. At present, a grocery store and a liquor store are the only two operating businesses, although a cafe is scheduled to open early in 1972.

Of the total Reservation labor force of 153 persons, 63 percent are unemployed. Federally funded programs (Title I and OEO) are the largest employers, with the remainder scattered among the tribe, Iron Nation Corporation and agricultural activities. Earned income accounts for 69 percent of total personal income, and welfare and other assistance programs for 31 percent. The average annual per capita income on the Reservation from all sources was calculated to be $1,099 in 1971.

4. Tribal Government

The official governing body of the Lower Brule Sioux is the Tribal Council, composed of seven members including the tribal chairman. Elections are held every two years for all seven members. The current chairman, Andrew Estes, is now serving his second term, and has proven to be a strong and progressive leader.

There has been little turnover in tribal leadership over the past ten years. A majority of the current council have served for a number of years each, and there is little effort to displace council members on the part of the Reservation population.

5. Community Development

A small OEO program, operated in conjunction with the adjoining Crow Creek Reservation, provides services at Lower Brule. Programs offered include Head Start, housing improvement, general services and manpower development.

Offices of the Bureau of Indian Affairs have not been located on the Reservation, but rather at Pierre. This has diffused the focus of Bureau programs at Lower Brule over the past several years. BIA offices are scheduled to move to the Reservation in 1972, however, and it is expected that this will substantially increase services on the Reservation.

Current housing on the Reservation consists of 50 units of low-rent housing, 20 mutual-help houses, and 20 units of Turnkey III. Almost all of these homes have been built in the town of Lower Brule. Two new homes have been built by the tribe under the BIA home improvement program, and 50 are being repaired under joint BIA and OEO funding. When a proposed additional 30 units of housing are built, over 98 percent of the people on the Lower Brule Indian Reservation will be living in standard housing.

There are 225 students from the Reservation currently enrolled in BIA, public and mission schools. The BIA elementary and high schools located in the town of Lower Brule account for most of the enrollment. The tribe also administers an educational grant program for enrolled tribal members. A total of 78 grants were processed for the past year, 62 for high school and 16 for higher education. The Public Health Service operates a clinic on the Lower Brule Reservation, although the closest PHS hospital facilities are located in Chamberlain.

6. Planning

For two years beginning in 1969, the Lower Brule Reservation shared an EDA planning grant with the neighboring Crow Creek Reservation. Various disputes between the tribes, however, disrupted the planning process and led to a Lower Brule tribal resolution call for disengagement from the grant. As a result, there have been no active planning activities at Lower Brule since mid-1971. The only existing long-range plan for the Reservation was produced in 1966 under a HUD 701 grant, but this document has never been updated and is of limited value.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Lower Brule Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. **PUBLIC WORKS PROJECT**				
a. Industrial Park Improvement	06-1-00138	1967	$16,776	
2. **PLANNING GRANT**				
a. Lower Brule/Crow Creek Grant	06-5-15008	1969	$11,690*	
b. Lower Brule/Crow Creek Grant	06-5-15008-01	1970	$12,700*	
Total Approved			$24,390*	
TOTAL APPROVED - ALL PROJECTS			$41,166	

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* Prorated as one-half of the joint grant.

Detailed project-by-project descriptions and analyses follow.

1. PUBLIC WORKS PROJECT

a. Industrial Park Improvement, Project No. 06-1-00138, 1967

This public works project, initiated by the tribal leadership, provided for the construction of a partial industrial park area with a six-inch water main, curbs and gutters, and a parking surface. An application for funds was made in June 1966, approval was given in December of that year, and the project was completed in 1967.

Total cost of the partial industrial park was $21,436. EDA contributed a grant of $16,776, and the tribe contributed $4,660 in cash. The park is owned and managed by the tribe.

At the time of the EDA application, CalDak Electronics Corporation, a manufacturer of small electronic devices, was located in the industrial park area. Utilizing a 5,100 square foot brick and block building, the tribe had constructed to attract industries to the Reservation, and with the help of a tribal loan used for operating capital (the combined cost of the building and the loan was $121,700), the firm was employing 32 Indians. In mid-1966, the firm indicated a desire to expand to 50 employees, but also stated that expansion would not be possible without parking facilities and an adequate water supply. After the facilities were completed, however, the firm closed down its operation entirely. Another tenant, Chalomar, Inc., a producer of semiconductors, also opened and closed down within a year.

In November of 1969, Iron Nation Corporation, a textile fabricating operation, was established on the Lower Brule Reservation. This firm is owned jointly by Raven Industries of Sioux Falls (70 percent) and the Lower Brule Tribe (30 percent). A divestiture agreement has been signed by the two parties permitting the tribe to buy out Raven Industries in five years at the original investment cost. Raven Industries invested $42,000 in the operation in 1969.

The work force of the plant has fluctuated between five and 50 persons, depending upon the size of the contract being worked upon. In December 1971, only nine persons were working in the plant, although a contract had just been negotiated that would raise the employment level to close to 50 by the end of January. All plant employees except the manager are Indian.

Average pay rates at Iron Nation Corporation are $2.25 per hour. New employees generally begin at the rate of $1.60 per hour, although production skills are rapidly obtained, and pay rate raises increased accordingly.

Prospects for Iron Nation Corporation appear good at this time, particularly if firm management begins to aggressively seek Section 8-A contracts specifically for minority entrepreneurs. The work force that has been established has become increasingly skilled and stable, and this should improve the ability of the Reservation to attract new industries.

2. PLANNING GRANTS

a. Lower Brule/Crow Creek Program, Project No. 06-5-15008, -01, 1969-1970

For two years beginning in 1969, the Lower Brule Reservation shared an EDA planning grant with the neighboring Crow Creek Reservation. Various disputes between the two tribes, however, disrupted the planning process, and led to a Lower Brule Tribal Resolution calling for disengagement from the grant. At the present time there is no planning grant on the Lower Brule Reservation, although an EDA application has been prepared, and it is anticipated that one will be offered for 1972.

The two joint grants were for $23,380 and $25,400, with tribal contributions consisting largely of in-kind office space, equipment, and secretarial services. The planning program staff was comprised of one planning director and one secretary. It was expected that staff time would be divided equally between the two Reservations.

During the two years that the joint grant was operative, however, it appears that very little effort was expended on projects for the Lower Brule Tribe. The tribal chairman feels that the planner spent almost all of his time on the Crow Creek Reservation, and that Lower Brule did not receive any benefits from the program. No EDA applications were prepared for the Reservation during the grant period, although the planner did handle some of the negotiations with Raven Industries concerning the formation of Iron Nation Corporation.

RESERVATION REPORT

MESCALERO APACHE RESERVATION, NEW MEXICO

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analysis

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Mescalero Apache Indian Reservation covers approximately 460,000 acres in south central New Mexico. It is the home of 1,750 Mescalero and Chiricahua Apaches. Isolated from major urban areas and limited in exploitable natural resources, this tribe suffered from extensive poverty conditions during the entire first half of this century. Beginning in the early 1960's, the tribe began to raise its economic level by developing its tourist, timber, and cattle-raising resources, as well as by learning how to take advantage of available government programs.

Further and more sophisticated development of its tourist resources and the generation of a small number of industrial jobs is expected virtually to eliminate unemployment on the Mescalero Reservation in the foreseeable future.

EDA has been an indispensable factor in this economic growth. The agency has extended assistance to the Apaches totaling some $5.7 million. Two public works grants contributed to the construction of a highly important community center with an adjoining training center. The Reservation commercial park is adjacent to these facilities. An EDA public works grant financed most of this park. The tribal store, a key component of the park, was helped by an EDA business loan. These projects in Mescalero have served to provide a focus for tribal activities, giving the Reservation a revitalized center which pulses with activity.

A fourth EDA public works project provided funds for cattle fencing in order to increase the manageability of the Reservation's far-reaching range lands. Another major public works project approved by EDA will be a self-contained resort complex called Cienigita. About to go under construction, this project is the second of three large-scale tourism facilities being developed by the tribe, and which will attract tourists on a year-round basis.

EDA has also supported a series of water conservation studies which have led to the development of a number of small dams. These dams are part of the ecological program on the Reservation. The small multi-purpose lakes they create serve both as recreational infrastructure and watering places for cattle and wildlife.

In 1971, EDA extended a planning grant to the Mescalero Reservation to support an already ongoing planning program.

The impact of those of these projects which are completed has already been significant in terms of job creation, and they have considerably

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improved the tribe's potential for additional development. While the tribe once had only three employees, it now has over 100, mostly tribal members. The bulk of these tribal activities center at the community/training center complex. The commercial park is approaching completion, but a gas station within it is complete and has already generated employment. The range fencing has generated employment and income. The major impact expected from Cienigita is still several years off, but this and other investments in tourist-oriented business are expected to eventually form the backbone of the Reservation economy. EDA assistance has been vital in all these ventures.

2. Conclusions

While the straight economic benefits of EDA projects on the Mescalero Apache Indian Reservation have been (and are expected to be) significant, the imposition by EDA and its predecessor agency, ARA, of a rational planning process as a component of development assistance has been at least as valuable an asset as the facilities, jobs and income produced. It is the ability of the tribe to efficiently manage its own affairs, competently and confidently, which will eventually produce a self-sustaining community -- economically and socially -- at Mescalero. The Apaches have developed a determination and sophistication in their planning efforts which has served them well and will continue to do so in the future.

Another important gain made by the tribe in the last decade is the demonstration of financial credibility sufficient to borrow development capital. The success of the Sierra Blanca Ski Resort, which the tribe purchased with borrowed capital, has solidified the tribal reputation as a creditable organization. However, the tribe's ability to borrow on the commercial market is limited, and extensive borrowing for Cienigita will limit the tribe's capacity for debt servicing until that project is well under way. For this reason, further EDA assistance for tourism development will be needed. Almost $5 million in future EDA assistance in this area is planned for the tribe's development program.

The relationship which has developed between the tribe and the neighboring community of Ruidoso is also significant. This small community's horse racing track serves as the foundation for a summer-based tourist economy. The tribal development of the nearby ski area, which is an obvious winter activity, has put Ruidoso on a year-round economic footing. Future tribal tourist developments will complement both activities in Ruidoso and existing recreational activities on the Reservation. The leadership structure in Ruidoso has realized that there is mutual benefit to be gained by cooperation and has responded favorably to the Mescalero development program. The tribe is a member of the Ruidoso Chamber of Commerce. The local banker has expressed in glowing terms his respect for the management abilities of the tribe and his willingness to help with financing development.

The specific EDA projects have had a multi-faceted impact on the Reservation. The community/training center complex employs about 100 persons, but this is largely a government-funded operation, a large part of which might well be considered a short-term phenomenon in preparation and anticipation of the development of more economically oriented employment opportunities. (The entire Reservation work force is only 800.) More important than the employment impact of these facilities is the social and psychological benefits which have accrued. The tribe has coalesced into a communal unit, developed leadership and pride, and generated the spirit and experience necessary for the greater development goals which lie ahead. The service and development potential impact of these projects has been more significant than the economic impact, even though the economic impact was extensive.

The soon-to-be-completed commercial park, including the tribal store, will have a significant employment impact as well as improve the service sector of the community. Some 30 employees in this park, a reasonable projection, represents almost five percent of the Reservation work force, and about 20 percent of the unemployed work force.

Tribal investments in tourism have been heavy and are projected in even greater amounts. While the return on the dollar is not great in these ventures, tourism and outdoor recreation are the only remaining exploitable resources on the Reservation. Cienigita will cost over $7 million to develop. While expensive, this project as projected will in time produce a profit and its 150 jobs represent half the unemployed Reservation work force. Because the tribe is interested in developing alternatives for its membership and is not an investor seeking the greatest return on its money, this project seems justifiable. This analysis of Cienigita also applies to future expansion of Sierra Blanca and the Rinconada Dude Ranch, both of which are programmed for EDA assistance.

The range fencing project raises the question of the practicality of the EDA business loan program, in general, and with respect to Indian reservations in particular. This project, which produced a handsome return in increased tribal income for EDA's investment, was funded as a public works grant. It would seem to have been a more appropriate business loan project, particularly since the funds improved the range lands used by Mescalero Cattle Growers, Inc., which is a profit-making, privately-owned corporation, with the tribe owning 10 percent of the stock. However, the tribe had great difficulties with its previously negotiated EDA business loan for the tribal store and was not interested in going through the process again, particularly if it were possible to get the money without having to pay it back. Given the fact that the annual increased revenue due to this project was projected to be 150 percent of the project cost, it is questionable that a grant was appropriate. In fact, due to an unexpected rise in the price paid for calves, the project allowed an increas in gross income twice the project cost in its first year, and a loan could have been paid off over a period of time without hardship.

It can only be concluded that the Indians at Mescalero have made an impressive degree of progress since the inception of their development program. It is entirely possible that full employment will be a reality for the Apaches within five years.

3. Recommendations

The Mescalero Apache Reservation program appears to be exceptionally well-planned and implemented. The tribe seems largely in control of its own destiny, although certainly subject to outside variables. It seems to have a sense of where it is going and is guided by goals formulated with traditional tribal values in mind.

The following recommendations are offered for the tribe's consideration:

1. With sufficient projects and programs in the planning stages to bring full employment to the Mescalero Apache Reservation, the tribe should develop programs to upgrade skill levels of tribal members already employed. This, of course, should not be at the expense of training programs to impart basic work skills. Concentration on technical and managerial skills would allow for an increase in the sophistication of tribal enterprises and facilitate the turnover of management roles to Apache Indians.

2. With its extensive emerging tourism complex, the Apaches, who seem more developed and sophisticated than most other tribes, might take the lead in the development of an Indian tourism promotion association. Presently many other tribes are in a similar development stage in tourism development and will, within the next five years, have a large stake in tourism.

B. SETTING AND BACKGROUND

1. Location

The Mescalero Apache Indian Reservation encompasses over 460,000 acres of Otero County, New Mexico. The Reservation is about 100 miles north of El Paso, Texas, and about 180 miles south of each of New Mexico's principal cities, Albuquerque and Santa Fe. The nearest town of any size is Alamogordo (25,000), 15 miles from Mescalero, the tribal population center. Highway 70 bisects the Reservation while Highway 54 passes nearby.

The Reservation is home to some 1,750 Apache Indians from the Mescalero and Chiricahua bands of the tribe. The land is about equally divided between timberlands and grazing land. Higher elevations provide an Alpine-type setting and climate: an asset with respect to tourist development.

2. History

For centuries before the coming of the white man, the Apache Indians led a basically nomadic existence traveling the corridor along the eastern slopes of the Rocky Mountains south into what is now Mexico. Ecological changes eventually shortened this corridor, but the Apache continued to exist as a nomadic tribe, remaining in one place for only brief periods. Among the most recalcitrant of all Northern American tribes, the Apache waged a long struggle before being constrained to Reservation life. The tribe spent the better part of the three centuries preceding the mid-1800's fighting to retain its freedom against enemies that included the Spanish, other tribes, and the United States Government. Though the Mescalero Reservation was established in 1873, many Apaches fought on and did not surrender until 1886. It was the last tribe to finally succumb to the overwhelming western push of the white settlers.

Upon final surrender the Apaches were sent to prison camps in Florida, Alabama and Oklahoma. Many remained prisoners-of-war in these camps for over 25 years. The last were released from Ft. Sill, Oklahoma, in 1913, when 400 Chiricahua Apaches were repatriated to the Mescalero Reservation.

During the first half of the twentieth century, conditions deteriorated on the Reservation and a genuine culture of poverty set in. The traditional pattern of life was completely subverted. Attempts to make farmers of the Apache failed. By the late 1950's, conditions on this Reservation approached the worst in the Nation.

It was the emergence of Federal programs to help Indian reservations in the early 1960's that was the first step in what has emerged as a notable development process. The Area Redevelopment Administration was the first government agency, outside of the Bureau of Indian Affairs, with which the tribe had contact. The Overall Economic Development Plan necessary for ARA assistance was prepared and formed the cornerstone of the development process.

Since these first steps toward bringing self-sufficiency to the Reservation were made, the tribe has experienced significant success in effectuating a balanced program of social, economic, and, equally important, psychological development. Assistance has been forthcoming from numerous government agencies other than EDA, and the day when the tribe will be able to carry-on on its own seems to be within the foreseeable future.

3. Resources and Economy

There are three types of economic activity capable of being supported by the Reservation resources. These are forestry, cattle-raising and tourism. Approximately 260,000 acres of the land are forested with commercial stands of conifers, producing an average annual cut in excess of 20 million board feet. Another 200,000 acres is range land, grazing, at this time, 6,000 head of Hereford cattle. The remaining higher elevations of the Reservation are blessed with an attractive alpine setting offering recreational opportunities.

Timber harvesting is guided by the Reservation's 1965 timber management plan. The timber crop at Mescalero is a limited resource. Trees at this latitude are relatively small and more vulnerable to disease than those in the typical American forest. Because of limited yield, the timber operation had been characterized by smaller, and often undercapitalized, timber processors. To increase the efficiency of this operation, the timber management plan permits a greater annual cut for a specified period of years (until 1985), after which the cut will be substantially reduced to allow for reforestation to take place.

The agricultural lands at Mescalero are not adaptable to crop raising. Much of the land is too mountainous. Early and late frosts limit the growing season and summer hailstorms are prone to destroy crops. Rainfall is either limited or the slope so great that run-offs create serious erosion problems. This last factor also limits the type of grazing animal supportable on the land, since sheep and goats graze the grass short, thereby intensifying the run-off problems, although the resources of the Reservation and its location are not conducive to such nongrazing cattle enterprises as feed lots and beef processing.

Tourism offers the greatest potential for economic development at Mescalero. The basics, in terms of natural environment and potential markets, are there. However, infrastructure and capital-heavy facility investments are only in the early stages of development. Full, but careful, exploitation of this resource is a tribal goal consuming a great deal of energy. Development of three major projects are in varying stages of implementation.

Commercial and industrial development on the Reservation have only limited possibilities, particularly since the Reservation is not close enough to major population areas. Its labor force is small and limited amenities exist. Transportation facilities are not comparable to locations closer to population centers. The Reservation is far from the Interstate Highways System and 20 miles from the nearest rail line, nor is air service particularly close. Its natural resources are not sufficient to produce related industrial activities and there is not a sufficient industrial water supply available. The Reservation, even with the surrounding communities, does not offer a large market for commercial activities. What commerce is supportable is limited to the small Reservation population and that generated by tourists.

4. Tribal Government

The governing body of the Mescalero Apache Indian Reservation is an eight-member Tribal Council. The council is the basic decision-making organ of local government exercising powers of a legislative nature and delegating authority for special action to the tribal president.

The tribal government was organized under the Indian Organization Act of 1934. The tribal council, however, was a basically ineffectual entity until the mid-1950's. The tribe, somewhat factionalized, did not begin to coalesce behind steady leadership until the 1960's when development programs began and eventually showed tangible results.

The present tribal president is Wendell Chino. Mr. Chino had been involved in tribal leadership for some 20 years and has been the tribal head for most of the last decade. He has risen to a place of prominence with respect to Indian affairs nationally and has appeared before Congressional committees. Since the tribe has embarked on its development programs, factionalism has decreased among tribal members and leadership has been relatively continuous and strong.

5. Community Development

Since the early 1960's an extensive program in community development has been instituted, institutionalized, and, to an impressive degree, implemented at the Mescalero Apache Indian Reservation.

Tribal leaders extend a good deal of credit for their program and its successes to the Area Redevelopment Administration and its successor agency, the Economic Development Administration. ARA imposed the Overall Economic Development Plan on the tribe as a requirement for financial assistance. The OEDP planning process consumed two years, involving extensive planning and priority establishment. Since the initial OEDP, the plan has been extensively amended. All planning efforts become an adopted part of the OEDP. The document itself has grown to be several inches thick.

ARA funds were granted to the Apaches for the series of dam studies which became important to the ecology of the Reservation and added infrastructure components for tourism. ARA also funded a timber survey which became the base for the 1965 Timber Management Program. Timber, as the most immediately exploitable resource, serves as an important source of employment and income.

Cattle ranching is another important source of Reservation income. However, small, inefficient cattle ranches run by individual tribal members originally resulted in a series of losing operations. As a consequence, all Reservation cattle were placed into a single herd in 1958, their owners trading the animals for stock in the newly formed Mescalero Cattle Growers, Inc. This larger scale operation proved successful. Later, the efficiency of cattle management was greatly improved with the EDA-financed project for the construction of ranch fences. Cattle ranching has now been turned from a marginal operation into a well-managed income producer for both the tribe (which owns ten percent of the cattle company) and individual tribal members. Approximately five percent of the tribal labor force is employed by Mescalero Cattle Growers, Inc.

The greatest potential for economic development on the Reservation, however, lies in the tourist trade. Long aware of this, the tribe spent several thousand dollars on a study in the late 1950's to define what activities would be appropriate for Apache Summit, a mountain top on the Reservation traversed by a major highway. The results of this effort was the establishment of a motel too small to be operated efficiently and a restaurant too large to be supported by the motel. However, an arts and crafts sales center which capitalized on the rise in popularity of Indian artifacts was able to save the venture. While the results at Apache Summit were less than anticipated, the lessons learned were valuable.

More careful planning resulted in the tribe's "Tourist Triad," three major projects serving different yet complementary functions. The first of these was the Sierra Blanca Ski Resort. This skiing facility, located on the 11,000 foot crest of Sierra Blanca Mountain, just off the northeast edge of the Reservation, was opened in 1958 under non-Indian ownership. It was a modest venture and had produced modest results. In 1963 the facility was offered for sale and the tribe, after lengthy discussion and planning, purchased Sierra Blanca for $1.4 million. An experienced general manager was hired and an improvement program launched. Since purchase, a new ski trail has been added each year. In the past five years, gross revenue has experienced an annual average increase of 30 percent, better than the ski industry as a whole. Attendance at the facility in the eight-year proprietorship of the Mescalero Apache Indians has grown from 11,000 to 55,000. At the height of the season, there are 130 employees at Sierra Blanca. Indians make up over half the work force and are engaged in all facets of the operation except the Ski School. The growth of Sierra Blanca has been sufficient to elevate the nearby resort town of Ruidoso to a year-round economy. This small town has a race track which serves as a summer draw. This is now complemented by the increased ski activities which are by nature winter activities.

Sierra Blanca was purchased wholly with borrowed money. The loan is being paid off as specified and on schedule. While the large loan exhausted the borrowing capacity of the tribe for a while, it has by now established its financial credibility to the point that it is now able to secure other loans for development purposes.

The second large tourist development project is to be a self-contained resort complex, called Cienigita, which will cost over $7 million to develop. While EDA has committed over $4 million to this venture, the tribe has been able to arrange loans for most of the remaining $3 million. Cienigita will ultimately contain a 250-unit lodge and offer a varied program of sports and outdoor recreation. As a tourist development, it is complementary to the winter ski-oriented activities at Sierra Blanca and the summer racing-oriented activities at Ruidoso. This facility should be in operation in 1973.

Still in the early planning stages is the Rinconada Dude Ranch, the third of the "Tourism Triad" projects. The dude ranch and hunting lodge will round out the tourist season taking up the slack betwee the winter skiing and assorted summer activities. The project, projected to cost some $1.3 million dollars, is expected to be completed about 1974 or 1975.

While its attraction to industry is limited, the tribe is interested in certain kinds of industrial development, although it is not interested in supplying a cheap labor force to perform dull, minimum wage industrial labor. Nor do the Apaches have any desire for industry at the expense of pollution. There is a need for employment for women and a desire to promote any industrial activity which offers tribal members opportunities to learn valuable skills.

Negotiations have been conducted and are in progress with several firms which may provide the Reservation with the type of industrial job which it desires. One development which seems virtually certain is a machine shop operation. A facility developed by the Job Corps in 1965 was expected to be a long-term operation. However, it was closed in 1968, leaving the tribe with a building adaptable to industrial use. A Chicago firm has agreed to produce hydraulic filters at this site, and 18 Apaches are being trained for machinists jobs in Chicago. There will also be work at this plant for female operatives as assemblers. It is expected that 50 employees, including 20 machinists will be at work by June, 1972. The Department of Labor has cooperated in securing $2 million worth of government machinery from inactive machine plants across the country. The entire venture is a $3 million package.

Future EDA assistance will be solicited by the Mescalero Apache Tribe. Some $2.4 million is desired to further expand the Sierra Blanca Ski Resort. Additional plans include an application for $1.2 million for two recreation areas supplemental to the Tourist Triad, and a projected $1.3 million request for the Rinconada Dude Ranch.

The tribe has made extensive use of other government programs besides those of ARA and EDA. The OEO Community Action Program has an annual budget of $260,000 and employs more than 70 persons on the Reservation in a variety of programs.

There is also an extensive housing improvement program financed by a consortium of Federal agencies, including OEO, HUD and BIA. Although virtually no housing on the Reservation met housing standards in 1930, and very few units had indoor plumbing, by 1971 70 percent of the homes met the National Housing Code, which has been accepted by the tribe. Some 200 homes have been remodeled, and 100 new homes are under construction. It is expected that all Reservation housing will be up to code by 1976.

Community facilities, virtually nonexistent a decade ago, have been dramatically improved. The tribe has new water and sewer lines and the BIA road program has been redirected to meet the needs of the tribe. A new hospital has been constructed and offers expanded health services to tribal members. Funds have been granted from the Law Enforcement Assistance Agency for a rehabilitation center including a court facility.

Tribal programs have been initiated in such fields as vocational training, legal services, emergency food services, child day care, rehabilitation, employment services, and recreation. Alcoholism, which had been a very serious problem at Mescalero, has been attacked and significant gains recorded.

Equally important to other facets of the development process is the concern of the Apaches for the nature, as well as the magnitude of development. The Mescalero Reservation Indian Development Program clearly states: "The basic development goal of the tribe is to create a standard of living (the quality as well as quantity of life) at least equal to the great American mean standard. The American norm will, of course, be modified by traditional Indian value systems and tribal leaders believe this factor will add quality to the life style of the Mescalero people." Unlike many other tribes, the Apaches seem to have come to grips with their tenuous position between two cultures. Always an adaptable people, the tribe seems firmly committed to the retention of its Indian identity as it picks and chooses from that which the broader society may offer: adopting that which complements and/or augments their traditions, rejecting in many cases that which is deemed detrimental, even when in a narrow economic sense, it may seem an asset.

6. Planning

Serious planning on the Mescalero Apache Reservation began in the early 1960's with the preparation of the Overall Economic Development Plan. A major effort was given to the establishment of priorities. However, priority establishment proved a difficult task, since the tribe needed virtually everything. Short and long range goals, however, were established and the tribal council emerged as the final decision-making body with respect to development matters. Community participation is an integral part of the planning process with tribal meetings held regularly, about every six months. The tribe is small enough so that this town hall concept is feasible.

Since the completion of the original OEDP, other plans somewhat tangential to economic development have nevertheless been incorporated as part of the document. Plans for conservation, education and law enforcement, for example, are part of the OEDP document.

Many of the personnel engaged in planning are tribal employees under one of several Federal programs on the Reservation. The tribe does not divide itself bureaucratically by these programs. Thus, the CAP director may be very involved in a HUD-financed housing program. The EDA-funded planner may be involved in conservation planning, and so forth. EDA has funded a planner at this Reservation only since 1971. The planner, however, has been with the tribe for over eight years and his salary has been paid at various times by the tribe, the BIA, CAP, ARA and EDA. He has been of valuable assistance to the tribe, regardless of funding source. With an academic background in business, engineering and developmental economics, he is well suited to his job.

The planning program at Mescalero has had manifest successes and seems well geared to its task. Direction from the council is clear and the approach appears to be successful.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Mescalero Apache Indian Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Community Center	08-1-00446	1967	$575,000	
b. Training Center	08-1-00751	1968	281,000	
c. Commercial Park	08-1-00752	1968	213,000	
d. Cattle Fencing	08-1-00754	1968	144,000	
e. Tourism Complex	08-1-00929	1970	2,298,000	
1. Phase I profitable ventures	08-1-01087	1971	1,088,000	
2. Phase II nonprofit infrastructure	08-1-01105	1971	897,000	
Total Approved			$5,496,000	
2. BUSINESS LOANS PROJECTS				
a. Tribal Store	08-3-00779	1969		$108,000
1. Supplement	08-3-00779-01	1970		40,000
Total Approved				$148,000
3. TECHNICAL ASSISTANCE PROJECTS				
a. Dam Studies	08-6-09234	1969	$ 15,000	
1. Supplement 1	08-6-09234-01	1969	1,000	
2. Supplement 2	08-6-09234-02	1970	3,000	
Total Approved			$ 19,000	
4. PLANNING GRANTS				
a. Planning Grant	08-5-15004	1971	$ 27,000	
TOTAL APPROVED - ALL PROJECTS			$5,542,000	$148,000

Detailed discussion and analysis of each of these projects follow:

1. PUBLIC WORKS PROJECTS

a. Community Center, Project No. 08-1-00446, 1967

A community center building was a first priority project under the Reservation's social and political development goals as established during the tribe's development planning in the early and mid-1960's. It was felt that the tribe lacked a focal point for community life and tribal operation.

Funds had been sought from other sources, such as HUD and BIA, but the programs of these agencies offered insufficient assistance. The Apaches wanted more than a mere office building. They wanted a full community center with recreational facilities included. A HUD offer of funds was turned down in favor of an EDA grant which supplied the necessary financial assistance to construct a facility of the magnitude desired. EDA provided a $575,000 grant for the building under its public works program. The tribe contributed approximately $125,000 of its own funds.

The building complex includes offices for the tribal council and staff and various social service programs, a gymnasium, an auditorium, a swimming pool, bowling alleys, a cultural museum, a library, handicraft workshops, game rooms, a cafeteria, and multi-purpose classrooms.

Before the completion of this facility, the tribal council held its meetings in the BIA headquarters. The council now has an adequate council chambers for normal sessions and an auditorium for general tribal meetings. This building has provided the Reservation with needed space and facilities with which to administer tribal affairs.

Several Federally-assisted social programs have offices in this project. The Community Action Program, a HUD-financed housing Code Enforcement program to upgrade Reservation housing, an HEW-financed day care program, a vocational education program for tribal members with alcohol-related problems, and the Public Health Service all maintain their offices in the community center.

This building is operated at a financial loss, but clearly for a psychological gain. Operating expenditures total approximately $200,000 annually. The bowling alleys and other income-producing activities generate $100,000 in income. The cost to the tribe, therefore, is about $100,000 a year. Of the operating expenditures, about $150,000 pays the salaries of personnel. Some 20 persons are involved in maintenance and accounting. Another ten operate programs using the facilities of the building, such as recreational programs.

Approximately 100 persons are employed in one capacity or another in the community center. The 30 discussed above represent employment directly attributable to the building. Others are tribal or social program functionaries. It is difficult to assess which, if any, of these programs might not operate on the Reservation were it not for the availability of office space in this building. While some of those jobs may be dependent on the existence of the community center, it can only be assumed that the programs which employ users of the building would have operated even if it did not exist. If employment from programs headquartered in the community center cannot be attributed directly to the building, some measure of increased productivity and efficiency due to the facility can be assumed.

The building is extensively used. The gymnasium and pool are in daily use. The bowling alley operates days and evenings, and bowling leagues have become an accepted component of the Reservation's social life.

Generally, the recreational facilities are utilized in connection with formal programs during the day and open to the public at night.

The community center also serves outsiders. Inter-city sports competitions are regularly held in the building, and the facilities are sometimes rented to outside groups for their own functions. For example, the State police have used the building for training programs.

The community center has admirably served its function. Centrally located with respect to the Reservation's population, the building has received extensive use and in fact has outgrown itself. The museum is being enlarged and will be moved to another location. A $122,000 HUD grant has been received for the expansion of the office capacity, and two new small wings will be constructed with this money. Also, $250,000 of EDA funds have been designated for a football field and track adjacent to the building. This facility will be integrated into the recreational program.

Pride is as important as the increased opportunity for political participation, recreational activities and social programs attributable to this project. The structure stands as a manifest monument to the ability of the Apaches to influence their own lives. It was the first success in their program of social and economic development. As well as a tangible facility meeting real needs, the building has a symbolic value which fosters the spirit of the tribal members and instills confidence for the pursuance of other ventures.

b. Training Center, Project No. 08-1-00751, 1968

In order to upgrade the skill levels of Reservation Indians, the Mescalero Apache Tribe sought and received $281,000 in EDA assistance in order to construct a training center. Total project cost was $351,000. This facility, approved in 1968, was constructed as a wing to the EDA-financed community center. In many ways, the two facilities function as one. Training activities may spill over into the community center and social programs administered out of the community center often utilize classroom and other space in the training center.

The training center, completed in 1969, has within its 11,000 square feet, four shops, a training kitchen, a library, and several multipurpose classrooms. Courses are offered in the electrical, automotive, construction and culinary trades. In addition to strictly educational functions, the building serves as a day care center and various health programs are headquartered in it. Funds for the operation of the training center come from many sources including MDTA, CEP, JOBS 70, the BIA, the PHS, OEO and HEW.

Over 60 persons work in the training center. In addition to six administrative positions -- two counselors, a librarian and three clerical positions -- there are at least ten instructors. Additionally, there are a dozen individuals in community health and emergency food programs, 14 in the day care center, ten directly in building maintenance, four in landscaping and utility maintenance, and five in Head Start. There are some 30 trainees who are paid while attending classes. The total payroll for the facility, including trainees and programs not directly involved in training (such as the day care segment), is $360,000 annually.

c. Commercial Park, Project No. 08-1-00752, 1968

In an effort to augment commercial development on the Reservation, both for the local Indian population and to cater to the tourist trade, the tribe designated a commercial center as a priority development project. A $213,000 EDA grant was extended in 1968 for the construction of this $334,000 facility. A separate business loan was extended for a tribal store to be part of the commercial center. This separate project is discussed on the following pages.

The commercial park was only partially completed at the time of this evaluation. The 20-acre area, adjacent to the community training center buildings, will eventually house a gas station, the tribal store, a laundromat, an Indian village as a tourist attraction, an auto parts and supply store, possibly a bank, and in the future, other commercial facilities. Only the gas station is complete and operating.

The gas station is operated by the Standard Oil Company under a 12-year lease, after which time the $100,000 station, built by Standard, reverts to the tribe. Lease and other fees presently produce $3-4,000 income for the tribe. Employment at the station is six, a non-Indian manager and five Indian employees. Income associated with these jobs is approximately $35,000 a year.

Ultimate employment at the commercial center from businesses already planned is expected to be about 30 with an aggregate income of about $165,000. The increased availability of shopping facilities on the Reservation should produce the additional impact by providing an opportunity for Indians to spend their income on the Reservation rather than elsewhere.

d. Cattle Fencing, Project No. 08-1-00754, 1968

Government efforts to promote an agricultural economy on the Mescalero Apache Reservation early in this century largely failed. Sheep were raised by tribal members in the 1930's but these animals grazed the grass too short, and there was extensive erosion of the land. The tribe consequently changed from sheep to cattle ranching. But these were individual efforts by tribal members, generally carried out on small, under-capitalized ranges. The operations were inefficient and not very profitable.

In 1958, individual tribal ranchers banded together and formed Mescalero Cattle Growers, Inc. Ranchers traded their cattle for stock in the corporation. This cooperative effort proved more fruitful than the previous arrangement of individual operators. Mescalero Cattle Growers, Inc., is a closed corporation in which only members of the Mescalero Apache

Tribe may buy stock. The tribe itself owns a 10 percent interest in the operation. Stock accumulation in this enterprise is popular with the tribal members. The corporation's stock is Mescalero's version of Wall Street. Many tribal members own stock. Stock holders may purchase calves for their own consumption at a very fair price and this is another advantage of holding stock in the company.

Capital improvements, including 200 wells, 50 watering tanks, bunk houses, and corrals were made in the early days and a bull purchase program instituted. However, the half-million acre range, without fencing, resulted in the loss of cattle and a generally inefficient management program.

With the need for fences evident, the Cattle Growers sought funds. Banks turned the group down because of insufficient collateral. An EDA business loan was investigated, but the tribe was unwilling to submit to the procedural steps of a business loan, particularly if a grant could be justified. After negotiations, EDA agreed to finance the construction of fences and provided a public works grant of $144,000 for the project. Total project cost was $180,000.

The feasibility of this project was justified as follows: fencing, it was assumed, would allow: (1) more efficient management of the range so that the herd could be increased from 5,000 to 6,000; (2) the surviving birth rate for calves to be increased from 60 percent to 85 percent; and (3) the calves to grow to 300 pounds in a year instead of 200 pounds. It was also assumed that the price per pound would drop slightly for the larger calves from 38¢ to 34¢ per pound. Under these assumptions, income would increase from $228,000 to $520,000 annually. In fact, the experience of the ranch in the first year with adequate fence control was not too far from the prediction. The herd has been increased to 6,000 head, the birth rate has increased to almost 85 percent, but a drought year produced calves averaging out about 230 pounds, rather than the expected 300 pounds. However, the price per pound rose to 58¢. Due largely to this unexpected rise in the price, the approximate increase in revenue attributable to the fencing was $300,000, or almost exactly as predicted.

Employment by the corporation increased from 20 to 35 cowboys. At an annual earning level of approximately $5,000, this is an increase of $75,000 in the payroll.

e. Tourist Complex, Project Nos. 08-1-00929, 08-1-01087, and 08-1-01105, 1970-71

Several characteristics of the Mescalero Apache Indian Reservation combine to make tourist development an obvious component of any economic development program for the Reservation. (More detail on the tourist development activities of the tribe appears above in Section B.) The earliest tribal efforts to promote development centered on tourism. The tribe itself put up several thousand dollars for a study which lead to the ill-advised development of Apache Summit (which did, however, serve as a valuable lesson in developmental economics). In 1962, a $5,000 ARA technical assistance grant was made to the tribe to study the possibilities of tourism-oriented enterprise within the confines of the Reservation. This study and subsequent extensive planning in connection with the preparation of the OEDP led to the identification of three major projects -- the so-called "Tourism Triad." One of these was Cienigita, a major tourist complex. Planning for this project has progressed for several years, and, while construction has barely begun, over $500,000 has been invested in planning efforts. Assistance has come from many sources, including the Bureau of Indian Affairs, the Bureau of Reclamation, the Public Health Service, the U. S. Coast and Geodetic Service, and the U. S. Army Corps of Engineers. Principal financing, however, will come from EDA. The agency has committed over $4 million to this project. Total project cost is expected to exceed $7 million, the remaining $3 million to be borrowed from commercial sources.

Specifically, the agency has committed $2,298,000 toward the $2,872,000 cost of Phase I construction. Phase II will be partially funded by EDA with a $1,088,000 grant toward the $2,176,000 cost of construction of the profit-producing component, and a second grant of $897,000 represents 100 percent of the cost of supportive infrastructure components.

Cienigita will be a large, self-contained resort complex. Development plans call for a 100-acre lake and an 18-hole golf course. Additionally there will be facilities for tennis, boating, fishing, hunting, ice skating and horseback riding. Reservation streams will be stocked from a Reservation fish hatchery operated by the Fish and Wildlife Service. The first stage of the project will include 125 units, to be followed as soon as possible with an additional 125 units.

This project is complementary to the Sierra Blanca Ski Resort, owned and operated by the tribe, which draws over 55,000 skiers each winter, and the resort community of Ruidoso, adjacent to the Reservation. Ruidoso has a horse racing track and draws over 250,000 visitors annually. This community had been exclusively a summer resort, but the explosive growth of the Reservation's ski area has put the economy of Ruidoso on a year-round footing. The main market for all these facilities is from Texas, Oklahoma, and Louisiana.

Employment at this facility is expected to be about 150, some 130-140 of these Apache Indians. Management will be non-Indian. It is doubtful, according to the Reservation Development Specialist, that even in time management will revert to local Indians. As envisioned, this project is a complete resort complex, not simply a large motel. The development specialist estimated that there are only about 30 teams in the United States capable of running the complex. This facility is to be a first-class operation complete with a top management team with "a Frenchman, an Austrian and a Swiss." Projected payroll is in the neighborhood of $1,200,000.

Cienigita will soon rise out of the ground. Architectural and engineering plans, carefully conceived as to preserve the Alpine setting of the project, are complete. In total, 100,000 acres have been set aside to be used in relation to this resort complex. It is expected that the opening ceremony will take place in 1973. Already work has begun to train Indian personnel and book conventions for the completed facility.

The facility is expected to lose money its first two years in operation. Working capital will cover these losses. Ultimately, Cienigita is projected to gross $1,500,000 producing a $200,000 profit to the tribe.

2. BUSINESS LOAN

a. Tribal Store, Project No. 08-3-00779, 01, 1969-1970

The Mescalero Apache Tribe has run its own tribal store for over a decade. This store, however, operated in inadequate and unattractive quarters. A 1964 study defined the magnitude and nature of a replacement facility. EDA assistance was solicited and granted. The course by which this project has reached fruition, however, has been rocky.

An original 1968 EDA loan covered both the tribal store and a gas station. Both of these components are part of the EDA-funded commercial park at Mescalero. However, when Standard Oil agreed to build the service station, the loan agreement was amended to eliminate the service station. In 1969, a loan for $108,000 was approved. Twice bids were sought and twice the lowest bid was too high. The facility was redesigned between the two biddings. Finally, in 1970, EDA agreed to increase the loan by $40,000 making the total agency commitment to this project $148,000. The total construction cost is expected to be $190,000. Another $55,000 is budgeted for equipment.

The tribal store, which covers 4,000 square feet, was expected to open by February 1972. Six employees with aggregate earnings of $30,000 are projected. The store is to serve both the Reservation community and tourists passing through or staying on the Reservation.

Reservation personnel concerned with economic development are less than enthusiastic about EDA's business loan program. Their experience with this project, the Reservation's only business loan, is at least partially responsible.

3. TECHNICAL ASSISTANCE PROJECTS

a. Dam Studies, Project Nos. 08-6-09234, -01, -02, 1969-70

As part of its watershed protection program, the tribe has for over a decade been involved in the construction of dams. These create small, multi-purpose lakes of two-three acres. These small bodies of water are used for fishing and as watering facilities for game and cattle.

The Area Redevelopment Agency, the predecessor to EDA, provided funds for eight dams in the early 1960's. Since that time, the tribe has tried to always keep several of these projects "in the hopper." With this in mind, EDA assistance for engineering studies was sought. EDA has funded four studies. While no employment is directly attributable to these dams, they do enhance the general usability of the Reservation for recreational purposes, an integral component of economic development at Mescalero.

4. PLANNING GRANT

a. Planning Grant, Project No. 08-5-15004, 1971

EDA granted $27,000 to the Mescalero Apache Indian Reservation under its planning grant program in February 1971. The in-kind tribal contribution was approximately $9,000. This one-year grant principally covers the salary of the Reservation economic development specialist and his secretary. Salaries represent $21,000 of the grant monies.

The tribal development specialist has been in the employ of the tribe for eight years. He has always been more or less in the same capacity as he is under the EDA grant. At various times, he has been paid from ARA, BIA, OEO and direct tribal funds. He is a past director of the tribe's Community Action Program. The specialist comes to his position with an academic background almost ideal for his function. As an undergraduate at the Colorado School of Mines, he pursued studies in engineering and business and was granted a double-major degree under this five-year program. He later received his Master's degree in developmental economics from the University of Colorado.

The specialist brings enthusiasm, knowledge and experience to his job. He seems to sincerely identify with the tribe, its goals and programs.

The Reservation planning program predates this EDA planning grant. In 1967, when the Selected Indian Reservation Program was initiated, OEO funded the planner because of a lack of EDA funding. The OEO funding was, however, undertaken at the request of EDA. Because the development of the program was, nevertheless, not a specific function of an EDA grant, more detailed discussion is omitted here in favor of the discussion of the planning process in Section B.

RESERVATION REPORT

NAVAJO, ARIZONA, NEW MEXICO, AND UTAH

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Navajo Reservation embraces nearly 16 million acres of land in northeastern Arizona, northwestern New Mexico, and southeastern Utah. The Reservation population numbers approximately 130,000 Navajo Indians. During recent years, the Navajo Tribe has pursued an active policy of community and industrial development that has resulted in the establishment of several successful tribal enterprises and the location of two major industries on the Reservation. Living conditions remain difficult for most of the Indian population, however, and unemployment still hovers at the 60 percent level.

EDA assistance to the Navajo Tribe has been substantial, and most of the EDA projects have been well conceived and well implemented. These projects include 14 public works undertakings (processed as 17 EDA projects), and four business loans. Additionally, EDA has funded one technical assistance study and two planning grants on the Reservation. These projects represent a total of $10,080,233 in grants and $3,934,260 in loans.

The collective impact of the EDA projects on the Reservation has been significant. A total of 646 jobs have already been created, and more are anticipated as the projects now under construction are completed. Additionally, EDA involvement has been the source of considerable change in the attitudes of tribal leadership, and the potential for growth now possessed by the Navajos has been substantially and significantly improved as a result of the EDA infrastructure projects.

2. Conclusions

EDA-financed projects have had a significant impact on the Navajo Reservation. EDA has been responsible for the development of two industrial parks, and the location of the General Dynamics and Fairchild Semiconductor plants on those industrial areas. The General Dynamics facility, which once employed 250 persons, currently employs 106 persons and has a payroll of approximately $380,000. Three EDA projects were instrumental in locating the Fairchild plant in the Shiprock Industrial Park. These are the industrial park project itself, a water system, and a business loan to construct a facility for the firm. These three projects, at a cost of $1,122,400 in grants and $1,358,600 in loans, have resulted in the creation of 400 jobs, a number which could increase if the semiconductor industry stays active. The current Fairchild payroll is approximately $4.5 million. A fourth project, a business loan of $462,800, is expected to add several hundred new jobs as soon as it is completed.

Thirteen of the public works projects funded by EDA have been for the development of water and sewer systems. Although these projects have produced only 85 jobs to date, they have had a substantial effect on the development potential of the Reservation. The water and sewer project at

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Chinle has resulted in the establishment of a 79-bed extended care facility that employs 70 persons, and there are plans for the construction of a hospital and a handicapped children's facility which will employ a total of 484 persons. In Kayenta, the EDA water system permitted the expansion of the Holiday Inn, and in Navajo, the water facility provides needed fire protection services for Navajo Forest Products Industries. Additionally, these water and sewer projects have provided basic services to several thousand households, and they have permitted the construction of a large number of new housing units. Six of the 13 projects are not yet complete, and anticipated impact from these projects will substantially increase the number of jobs produced, as well as the number of households receiving water and sewer services.

The business loan to Navajo Forest Products Industries resulted in the addition of a millwork and cut stock plant to the existing sawmill facility. This plant, which employs 55 persons, produces many items for the home building industry, as well as specialties for the manufacture of furniture and wooden toys. Total employment at this tribal enterprise is now 475, and the payroll is slightly in excess of $2.5 million.

EDA contributions to the development of the new town of Navajo have also been substantial. Projects at Navajo include a water storage facility which services Navajo Forest Products Industries and the new residences in the town, site improvements which have permitted the construction of a HUD-funded neighborhood facility and a commercial center, and a business loan which was used for the construction of the commercial center. Although no leases have yet been signed for the utilization of any of the commercial space, this project is expected to provide 50 jobs as well as to render an extremely valuable service to the community.

The large number of EDA-funded water and sewer projects on the Reservation has also been partially responsible for the growth of the Navajo Tribal Utility Authority, a tribal enterprise which constructs and operates gas, electric, water and sewer systems on the Reservation. Since 1965, this enterprise has grown from 55 to 225 employees, and from seven million dollars to $22 million in assets. A deficit of $60,000 in 1965 has been changed to a profit of over $600,000 in 1971.

Although the planning grants have had a minimal impact on the Reservation development process, the combined public works and business loan projects have significantly affected the attitudes of tribal leaders. The tribe is now ready to expand current efforts to secure additional industries for the industrial parks at Fort Defiance and Shiprock, and plans have been made for the development of an industrial area at Church Rock which will be the site of a uranium milling and mining plant. There is currently one EDA sewage treatment facility project in the application stage, and five projects in the pre-application design stage. Additionally, the tribe has just reorganized its planning and development resources so as to provide a more comprehensive and action-oriented approach to economic development on the Reservation.

The tribal leadership appears energetic and capable, and relations with neighboring tribes, particularly the Hopis, appear to be improving. There is still a tendency, however, for the central administrative offices to rely solely on their own personnel for the initiation and development of programs and projects. This has tended to discourage the growth of local leadership, and has resulted in delays in the development of projects that are local or regional in character.

Relations with government agencies vary. The tribe is extremely pleased with EDA and its assistance, and feels that EDA-funded projects have provided the Reservation with the infrastructure necessary for the development of industrial facilities, as well as with provision of basic services to a substantial portion of the population. More importantly, the tribe has recognized that EDA funds permit tribal design and control of development projects, and do not foster dependency upon non-Navajo institutions and personnel. Relations with the BIA are not so good, although they have remained cordial.

3. Recommendations

The Navajo Tribe appears to be making significant progress toward economic development on the Reservation. Their approach, which focuses on the exploitation of natural resources but still supports a continued effort to attract stable growth industries, has proven to be both viable and effective. Nevertheless there is a need for an expanded effort to train Navajos to assume significant roles in the planning, development and management of Reservation enterprises.

The natural resource-based sector of the Reservation economy is certain to remain of primary importance. Tribal efforts to train Navajos in irrigation farming should continue so that the initial application of water from the irrigation project will produce results commensurate with the cost of the project. It is also important that the tribe carefully consider the value of leases obtained by off-Reservation companies for the exploitation of mineral resources on the Reservation. The income derived from these leases should be balanced against both a potential increase in Navajo employment that might result from the tribal exploitation of the resources, and the cultural and environmental hazards that are produced by some mining and mineral extraction activities.

Tourism has not yet begun to play a major role in the Navajo Reservation economy. Consideration should be given to expanding current efforts, and developing tourism complexes in several of the many scenic areas on the Reservation.

All development activities on the Reservation, resource-based, commercial and industrial, should be viewed as part of an overall strategy for the economic growth of the Navajo Nation. Such a strategy should be carefully prepared, and should reflect local and regional needs as well as those envisioned by the tribal central offices. The resulting plan should then be utilized as a guide for Reservation development and allocation of resources.

In light of the above, the following recommendations are made for the consideration of the Navajo Tribe:

1. The need for a sound study which systematically analyzes the resources of the Reservation and makes well-supported recommendations for their development is apparent. There are no existing documents that can be used as a guide for the application of realistic growth strategies.
2. Planning activities on the Reservation have been conducted primarily at the central office level. This has tended to discourage local initiative, and has resulted in numerous delays in the approval and implementation of regional and local projects. It is therefore highly recommended that planning activities on the Reservation be decentralized, with a planner specifically assigned to each major region of the Reservation. Such a decentralization would serve not only to develop capabilities and initiative throughout the Reservation, but would also assist in mobilizing popular support for development projects.
3. The tribe should expand its efforts to promote and assist Indian-owned and managed business ventures on the Reservation. Adequate commercial services are still not available to large segments of the Reservation population, and a majority of the establishments currently operating are owned and managed by non-Navajos.
4. The tribe should consider the establishment of a training program or institute that would have the primary goal of developing the entrepreneurial, administrative and management skills of the Navajo. A majority of the top positions in both industrial and tribal enterprises on the Reservation are now held by non-Navajos, and the development of a corps of capable and experienced Navajo managers would be highly desirable.
5. Current efforts to develop an ongoing tourism development program should be expanded. One of the most valuable natural resources of the Reservation is the natural beauty of the land, and efforts to exploit this resource have been marginal to date.

B. SETTING AND BACKGROUND

1. Location

The Navajo Reservation, which embraces nearly 16 million acres and has a population of close to 130,000, is spread over eight counties in northeastern Arizona, northwestern New Mexico, and southeastern Utah. Gallup, New Mexico, is approximately 32 miles southeast of the tribal headquarters at Window Rock, Arizona, with Albuquerque located 144 miles east of Gallup. Phoenix is approximately 400 miles southwest of Window Rock. The Navajo Reservation surrounds the large Hopi Reservation, located in northeastern Arizona.

Although the Navajos are scattered throughout the entire Reservation area, there are five major population centers on the Reservation. These are Tuba City in the west (approximately 70 miles north of Flagstaff, Arizona), Shiprock in the northeast (approximately 30 miles west of Farmington, New Mexico), Window Rock and Fort Defiance in the south central part of the Reservation, Crownpoint in the southeast, and Chinle in the east central part of the Reservation near the entrance of Canyon de Chelly.

2. History

Members of the Athapascan linguistic family, the Navajos are believed to have come from the far Northwest in prehistoric times. By the early 17th century, they had spread south and east and were occupying a large part of the plateau country of what is now Arizona. In 1848, the Navajo area became part of the United States, and in 1863, the United States government sent Kit Carson to put an end to the skirmishes between the Navajos, Pueblo Indians, Spaniards, Mexicans and early American settlers. Carson rounded up some Navajo bands, burned crops and destroyed livestock, and most of the Navajos were collected at Bosque Redondo (Fort Sumner), New Mexico, where it was hoped that they would settle down to a sedentary, agricultural life. In 1868, recognizing the failure of the Fort Sumner experiment, the Government concluded a treaty which established the tribe on its own 3.5 million acre Reservation. Through a series of Executive orders and acts of Congress, extending from 1878 to 1934, the Reservation area was increased to almost 16 million acres.

Unlike many other tribes, the Navajos did not accept the provisions of the Indian Reorganization Act of 1945. Instead, the tribal council bases its authority on rules promulgated by the Secretary of the Interior in 1938. These rules provide for a tribal council of 74 members elected from their own districts, and a chairman and vice chairman elected at large.

3. Resources and Economy

The Navajo Reservation, one of the most scenic areas in the world, is composed of essentially semiarid land with deep canyons, high plateaus, and low-lying plains. Traversed from north to south along the Arizona-New Mexico border by the Chuska Mountain range, the topography varies from 11,000 feet high mountains with clear streams and timber stands, to desert lands at elevations of 4,500 feet. The annual precipitation varies from five inches in the lower elevations to 23 inches in the mountainous areas.

Navajos traditionally supported themselves by raising sheep, although this form of livelihood no longer provides sufficient income for most families. It is estimated that approximately 600 sheep are required to produce a net income of $3,000 per year, and more than half of all Navajo families have fewer than 50 sheep. Because of the minimal productivity of the land for agricultural purposes, farming has not yet attained commercial status as a means of livelihood. Total income on the Reservation derived from agriculture was $1.3 million in fiscal 1971.

Efforts to increase the productivity of the land were, however, started more than a decade ago, culminating in 1962, when President Kennedy authorized the Secretary of the Interior to construct, operate and maintain the Navajo Indian Irrigation Project. This project was designed to supply an average annual diversion of 508,000 acre feet of water to approximately 110,630 acres of land in the northeastern portion of the Reservation.

The Navajo Tribe has taken several steps to implement the project, including the organization of the Navajo Agricultural Products Industry. Through this organization, the tribe has cooperated with New Mexico State University in growing crops at an experimental site, and has also appropriated $100,000 for the irrigation and cultivation of 2,350 acres of tribal land on which Navajos are gaining invaluable experience in the development, irrigation, and cultivation of irrigable lands. The project has, however, never been adequately funded by the government, and it is currently estimated that delivery of the first water to the initial 10,000 acres of land will be made in 1975 at the earliest. As of 1970, the scheduled completion date for the project has been shifted from 1980 to 1987, and if the current rate of funding is not increased, it is unlikely that the project will be completed much before the year 2000.

The Reservation is, nevertheless, rich in a number of other natural resources. As early as 1888, a sawmill was built to exploit the Reservation's timber resources, which include a one half million acre stand of virgin growth Ponderosa Pine. Navajo Forest Products Industries, a wholly-owned enterprise of the Navajo Tribe, was created in 1959. It now is comprised of a sawmill, a bark processing plant, and a millwork and cut stock plant. The tribe has invested approximately $7.5 million in this enterprise, and EDA has also provided a business loan of $550,000. At the present time, 50,000,000 board feet of timber are produced annually, a majority of which are Ponderosa Pine. The enterprise currently employs 475 persons, and it has an annual payroll of $2.5 million.

The principal income of the tribe is received from oil and gas leases. Approximately $80 million in income has accrued to the tribe from the exploitation of oil and natural gas over the past several years, with oil being refined at the rate of 5,500 barrels per day. Additionally, the Reservation is rich in uranium, vanadium and coal, although no comprehensive plan exists for the systematic exploitation of these resources. At the present time, uranium and vanadium mining has come to a virtual halt because of the recent Atomic Energy Commission decision not to purchase additional supplies of uranium. Coal, however, still provides considerable potential for immediate development. The Peabody Mining Company is presently engaged in strip mining of coal at Black Mesa. This coal is designed to be used as an inexpensive source of fuel for electrical generation. Additional coal mining is being pursued in Fruitland, New Mexico, and near Window Rock, Arizona, with approximately 300 persons employed in mining operations. Ninety-two percent of the coal being mined is used on the Reservation for electrical generation purposes.

The tribal enterprise which is responsible for a considerable portion of the Reservation's recent development is the Navajo Tribal Utility Authority. The Authority, which constructs and operates gas, electric, water and sewer systems on the Reservation, was established as a tribal enterprise in 1965. Since then, it has expanded from 55 to 225 employees, and has grown from seven million dollars to 22 million dollars in assets. Electric sales have increased from 15 million kilowatt hours per year to over 100 million kilowatt hours per year. Gas sales have increased from sales of 250,000 million cubic feet to 2,500,000 million cubic feet per year, and profits have grown from an annual deficit of $60,000 in 1965 to a profit of over $600,000 in 1971.

Industrial employment on the Reservation is also substantial by Reservation standards, although the proportion of the labor force employed in manufacturing is only one half the U. S. standard. At the present time, two major industries are located on the Reservation, the Fairchild Semiconductor Division of the Fairchild Camera and Instrument Corporation, and a branch of General Dynamics' Pomona Facility. The Fairchild plant is located in Shiprock, New Mexico, and at the time of the evaluator's site visit employed 750 persons. The General Dynamics facility is located in Fort Defiance and employs 106 persons.

Government is still the largest employer on the Reservation and accounts for 68 percent of the nonagricultural, nontraditional employment. Of the total of approximately 9,200 persons in government employment, 4,390 are employed by the Federal government, 3,130 by the tribe, and the remainder by State and local government.

The tourism sector of the economy is largely underdeveloped. Although the tribe owns and leases three motels on the Reservation (in Window Rock, Shiprock and Kayenta), tourism development has far greater potential for improving the Reservation's economy. Such places as Monument Valley, Canyon de Chelly, Chaco Canyon and Ruins, Lake Powell, the Shuska Mountains and lakes, and Black Creek Canyon are prime scenic areas which are still virtually untapped by the tribe.

Another undeveloped area of the Reservation's economy is the commercial services sector. Trading posts, most of them non-Indian owned, continue to be the main commercial facilities on the Reservation, and non-Navajos make up more than three-fourths of the businessmen licensed by the tribe to conduct business. Some assorted small businesses have recently been created, but the number of such facilities is still too few to meet the needs of the people. A new shopping center, including a chain food store, a clothing store and a cafe, opened in Window Rock in 1968. Built with tribal funds, the supermarket has been leased to Fed-Mart, a chain operation based in San Diego, while the two small businesses have been leased directly to Navajos. Utilizing an EDA business loan, a commercial center was also recently constructed in Navajo, New Mexico. But despite these improvements, most of the Reservation population must venture to off-Reservation facilities for basic goods and services.

In 1971, it was estimated that 60 percent of the Navajo labor force of 40,346 were unemployed, and that approximately 60 percent of the total income on the Reservation was derived from public sources. The average per capita personal income in 1968 was $1,765, $702 from private sources, and $1,063 from public. This compares with an average per capita personal income of $4,850 for the U. S. as a whole in 1968.

4. Tribal Government

The Navajo Tribe is governed by a 74-member Tribal Council with representatives from 18 districts. Council members are elected every four years in district elections, and a chairman and vice chairman are elected at large every four years. The council chooses a member from each district to serve on its advisory committee, which also serves as an overall development committee for the Reservation.

The current Chairman, Peter McDonald, was elected in November 1970, replacing Raymond Nakhai, who had been in office for several prior terms. Mr. McDonald, a young and aggressive leader who was formerly director of the Office of Navajo Economic Opportunity, has already made numerous changes in tribal organization which promise to provide a more effective means of implementing social and economic programs. Additionally, he has focused a great deal of national attention on Indian (particularly Navajo) causes in the short time he has been in office. Although most tribal members are reserving judgment on the effectiveness of his administration, he is generally well thought of by those who work with him and is expected to give considerable momentum to development projects on the Reservation.

5. Community Development

The Navajo Tribe has had an active community development program for several years, spearheaded by the Office of Navajo Economic Opportunity. Major programs under the local ONEO program include a Head Start program with an annual budget of $2,235,632 and a Prevocational Training Program with an annual budget of $2,742,236. Other programs sponsored by ONEO include an alcoholism rehabilitation program, a migrant assistance program, an emergency food and services program, a local community development program, a legal services program, and several housing programs.

The tribe has made significant strides in providing adequate housing for tribal families by utilizing low rent, mutual help, FHA, and BIA programs. Under these programs, a total of 1,985 homes have already been built, 1,781 are under construction, and 15,739 are planned. Nevertheless, of the total of 20,470 housing units on the Reservation, only 6,585 are in standard condition, and a far greater emphasis on housing should be considered in Navajo community development plans in the future.

The Public Health Service provides health care services for Navajo Indians. Six hospitals serve the Reservation in locations at Fort Defiance, Tuba City, Shiprock, Crownpoint, Gallup and Winslow, and five health centers provide 24-hour care at Kayenta, Chinle, Tohatchi, Ramah and Teec Nos Pos. However, there are 228 persons per hospital bed on the Reservation, as compared with 123 persons in the U. S. population as a whole, and the infant mortality rate among Navajos is over twice that of the total U. S. population.

In 1971, 42,457 Navajos were attending primary and secondary schools, run by the BIA, the State, and various religious denominations. There are 59 BIA schools and 35 public schools on the Reservation. Navajos are now beginning to serve on local school boards, and at the Rough Rock experimental school, operational control has been handed over to a totally Navajo board of education. Perhaps the greatest example of Navajo interest in education can be found in the Navajo Community College, established at Many Farms in 1969. Current enrollment at the college is 250 full-time students. A new campus at Tsaille is now under construction, and it is anticipated that as soon as the new facility is completed, the number of full-time students will jump to over 500. Within a four-year period, it is expected that 1,500 full-time students will be attending the college.

6. Planning

The planning process on the Navajo Reservation is now at the highest level that it has ever been, although the very recent reorganization of planning activities will have a positive effect on the program development process. Until February, 1972, most planning activities on the Reservation were undertaken by the Tribal Office of Program Development, which conducts planning, tourism development, and economic and business development activities for the Reservation. Most of the funds for personnel in this office were provided by the EDA planning grant. However, a new umbrella enterprise, the Navajo Economic Development Authority, has just been created and is headed by the previous general manager of the Tribal Utility Authority. This new agency will plan, finance, and monitor all development projects on the Reservation. An application for HUD 701 funds is now being processed, and it is expected that these funds, coupled with EDA planning funds, will provide the necessary framework for planning tribal economic development.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Navajo Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Fort Defiance Ind. Park	08-1-00250	1966	$ 101,000	$ 25,000
b. Shiprock Industrial Park	08-1-00251	1966	122,400	30,600
c. Shiprock Water System	08-1-00367	1966	1,000,000	650,000
d. Navajo Townsite Improvements	08-1-00574	1967	130,000	
e. Kayenta Water Storage Facility	08-1-00719	1968	180,000	45,000
f. Tuba City Water & Sewer	08-1-00718	1968	91,800	
g. Shiprock Sewage Treatment	08-2-00712	1968	512,860	171,560
h. McKinley County Roads	08-1-00757	1969	1,783,200	
i. Navajo Water Storage	08-1-00761	1969	160,200	96,000
j. Chinle Water & Sewer	08-2-01017	1970		280,000
k. Chinle Water & Sewer	08-2-01018	1970	893,330	
l. Window Rock/Fort Defiance Water	08-1-00949	1970	1,600,000	400,000
m. Tuba City Water & Sewer	08-1-01023	1970	958,943	
n. Tuba City Water & Sewer	08-2-01024	1970		275,000
o. Navajo Community College Water & Sewer	08-1-01082	1971	1,499,880	
p. Navajo Community College Water & Sewer	08-2-01083	1971	152,620	
q. S. Shiprock Water Line	08-1-01079	1971	684,000	
Total Approved			$9,870,233	$1,973,160
2. BUSINESS LOAN PROJECTS				
a. Navajo Forest Products	08-3-00086	1966		$ 550,000
b. Navajo Commercial Bldg.	08-3-00575	1967		270,300
c. Fairchild Semiconductor	08-3-00734	1968		678,000
d. Fairchild Semiconductor	08-3-01053	1970		462,800
Total Approved				$1,961,100
3. TECHNICAL ASSISTANCE PROJECTS				
a. Forest Mgmt. Study	08-6-09053	1967	$ 70,000	
Total Approved			$ 70,000	

Type and Nature of Project	Project No.	Date	Funding Grant	 Loan
4. PLANNING GRANT PROJECTS				
a. Navajo Planning Program				
1. Admin. Expenses	08-5-15001	1969	$ 70,000	
2. Admin. Expenses	08-5-15001-01	1971	70,000	
Total Approved			$ 140,000	
TOTAL APPROVED - ALL PROJECTS			$10,080,233	$3,934,260

A discussion and analysis of each project follows:

1. PUBLIC WORKS PROJECTS

a. Fort Defiance Industrial Park, Project No. 08-1-00250, 1966

This public works project, the development of an industrial park area at Fort Defiance with water and sewer service, was originally conceived by the tribal administration in 1966 and approved the same year. All work on the industrial park was completed by mid-1969. Total project cost was $143,000. Of this amount, EDA contributed a grant of $101,000 and a loan of $25,000. The tribal contribution was for the remaining $17,000.

To date, there is only one plant located on the park. This plant, a branch of General Dynamics, originally began its operations on the Reservation in early 1967. At that time, the plant operated in a temporary facility, and employed only eight persons. In August 1967, the tribe completed construction of a $600,000 plant on a site in the industrial park. This factory, with an additional $220,000 in equipment, was then leased to General Dynamics. Management at the facility indicated that there were three major reasons for the location of the firm at Fort Defiance: (1) an available labor force; (2) the new building and equipment furnished by the tribe; and (3) the availability of water and sewer services provided by the EDA project. All three were considered essential to the location of General Dynamics on the Navajo Reservation.

In December 1968, the firm employed 250 persons. However, cutbacks in defense spending have resulted in decreases in the number of employees at the plant. There are now 106 persons working full-time, 95 of whom are Navajo. Approximately 82 percent of the total work force is composed of women, and at least 90 percent were previously unemployed. Wages average $2.00 per hour for an eight hour day.

Employees at the facility are trained under an MDTA program that provides six weeks of institutional training and an OJT segment at the plant. Workmanship is considered very good (as measured by the number of rejections) and compares favorably with all other General Dynamics facilities across the country. Although the early years of operation were characterized by high employee turnover rates, the current rate has stabilized at approximately two percent per month. Almost 60 percent of the current work force have been there for over two years, and half of the supervisory personnel are now Navajo.

No other firms have as yet moved into the industrial park area. Current prospects include a chemical processing and product preparation plant, a commercial laundry, and a shoe manufacturer. The chemical detergent manufacturer is American Indian Industries, Inc., a small firm that is now involved in a marketing operation on the Reservation. The firm, which has commitments for GSA contracts for cleaning fluids, hopes to move into a tribally constructed building on the industrial park and increase its employees from the current 10 to approximately 125. The tribe is now in the process of completing an EDA application for funds to construct the facility. The other two firms, the commercial laundry and the shoe manufacturer, are still in general discussion phases, with no immediate plans for location at Fort Defiance.

Unfortunately very little of the income earned at the plant remains on the Reservation, as much of the shopping for goods and services is done in Gallup, New Mexico. However, the development of the Fed Mart shopping center in Window Rock in 1968 has provided a significant first step in encouraging plant employees to purchase goods on the Reservation.

The impact of the project on the development potential of the Reservation has been considerable. Tribal council members have all gained some experience in the process of industrial development, and there is far greater awareness now with respect to the types of industries that would be of the greatest value on the Reservation. Additionally, the project is an important piece of infrastructure which the tribe is now anxious to exploit.

b. Shiprock Industrial Park, Project No. 08-1-00251, 1966

The development of an industrial park in the Shiprock area was initially considered as early as 1965, when the Fairchild Semiconductor Division of Fairchild Camera and Instrument Corporation first began its operations on the Navajo Reservation. At that time, the firm was temporarily located in the tribe's Civic Center in Shiprock, and was employing 50 persons. When an increased demand for semiconductors required Fairchild to plan for expansion into larger facilities, the tribe prepared an EDA application for an industrial park site. This application, approved in November 1966, was for the development of a 50-acre industrial park, with water and sewer lines and an access road. The park was completed in 1967.

Total project cost was $153,000. EDA contributed an initial grant of $76,000, followed by a supplemental grant of $46,400. The remaining 20 percent was contributed in the form of an EDA loan of $30,600.

Although Fairchild did eventually locate on one of the industrial park sites, two other EDA projects, a water system which provided an adequate supply of water to the park, and a business loan with which the tribe constructed a facility for the Fairchild operation, were also necessary before Fairchild could expand its operation in Shiprock. At the present time, the plant employs 750 persons, only 26 of whom are Anglos, and 170 of whom are male. The annual payroll is approximately $4.5 million. A full history of the Fairchild operation is included below under the discussion of the business loan for the Fairchild Semiconductor facility.

Although no other firms have as yet located on the Shiprock industrial park, the EDA project has had considerable impact on the surrounding community. An addition is being added to the Public Health Service hospital, and 250 new houses are being constructed directly across from the industrial park to accommodate employees at the Fairchild plant. The attitude of local community leaders has also undergone substantial change. Not only are they more aware of the development process as a result of preparing the application and conducting negotiations, but they are far more willing to support development projects than ever before. The local bank has also shown a greater willingness to lend money for development purposes since the construction of the industrial park.

c. Shiprock Water System, Project No. 08-1-00367, 1966

This public works project, the construction of a water system that would bring pure water from the neighboring town of Farmington, New Mexico, to Shiprock, was conceived early in 1966. Existing facilities were not adequate to meet the needs of residences and institutions in the area, and industrial expansion (the Fairchild Semiconductor operation) was anticipated in the near future. An EDA application was therefore prepared by the Navajo Tribal Utility Authority, and approval was given in June 1966. The project, which was completed in May 1968, cost a total of $1,650,000. EDA provided the entire amount with a grant of $1,000,000 and a loan of $650,000.

At the present time, the water system provides services to approximately 1,000 residences in the Shiprock area. Additionally, it serves the Public Health Service Hospital, which is planning an expansion from 75 beds to 125 beds. Two car washes have begun operations in the area, and a laundry, owned and operated by three Navajos, has also located in Shiprock.

Most important, however, has been the expansion of the Fairchild plant, although this expansion must be attributed jointly to the industrial park project, which provided the water lines, the water system, which provided the water, and the business loan, which provided the building. As a result of these projects, Fairchild moved into the new facility on the industrial park, and immediately expanded to 1,100 employees. Recent cutbacks in defense spending, however, have been responsible for a decrease in employment, and the facility now employs a total of 750 persons. A full history of the Fairchild operation is included below under the discussion of the business loan.

The impact of this project on the attitudes of community leaders has been substantial. Additional units of low rent and FHA housing have been constructed, and the leadership of the community has begun to play a more aggressive role in the local development process. Applications for other EDA projects in the Shiprock area have been prepared, and local leaders are increasingly optimistic about their future. The completion of an EDA-funded sewage treatment plant for Shiprock in March 1971, and the recent approval of a water line for the southern section of Shiprock can both be attributed in part to the success of the EDA-funded Farmington-Shiprock water system.

d. Navajo Townsite Improvements, Project No. 08-1-00574, 1967

This EDA project provided for on-site improvements at Navajo, New Mexico, including site leveling, erosion control measures, street and sidewalk paving and storm drainage measures. The project, which was applied for and approved by EDA in 1967, was completed in September 1969. Total project cost was $163,800, of which EDA contributed a grant of $130,000.

The primary purpose of the project was to prepare the town site for two buildings, a community center constructed under a HUD neighborhood facilities grant, and a commercial center for which an EDA business loan had been provided. These two buildings, completed at the end of 1970, have, however, remained empty and unused. The community building was opened briefly during the summer of 1971 as a result of the efforts of the manager of Navajo Forest Products Industries, but there is no full-time manager for the facility, and no leases have yet been signed for the commercial center. Responsibility for dealing with the project does not seem to have rested squarely upon any single person, and as a result, efforts to open the two buildings have been uncoordinated and unsuccessful. It is now anticipated that the neighborhood facility will be opened in February 1972, and that a grocery will locate in the commercial center at approximately the same time.

The project has nevertheless provided local leadership with valuable experience in the development process. Community leaders are now more aware of the need for effective project management, and are better equipped to deal with programs and projects in the future.

e. Kayenta Water Storage Facility, Project No. 08-1-00719, 1968

The community of Kayenta, located close to the entrance of Monument Valley, has gradually become a center for tourism and commercial facilities. With this growth, however, there developed a need for an increased water supply, and an application to EDA for an additional water storage tank was prepared. This application, completed by the Navajo Tribal Utility Authority in February 1968, was approved in April 1968. The project, which consists of a new tank with a 16-inch water line that connects the new tank with two 500,000 gallon reservoirs, was completed in July 1969.

Total cost of the project was $225,000. EDA contributed an 80 percent grant of $180,000, and a 20 percent loan of $45,000.

The project has had considerable impact on the community of Kayenta. The Holiday Inn has expanded its operation and has constructed 30 additional motel units. This expansion, which would not have been undertaken without an increased water supply, has resulted in the hiring of 12 new employees. These employees are all Navajos who work a six-day week at an average rate of $1.80 per hour. A new Navajo-owned grocery and service station has also opened directly across from the Holiday Inn. Three Navajos are employed full-time at these facilities.

In addition, the water tank and line provides service to an additional 100 housing units and to 110 trailers located in a newly established trailer park. A new junior high school has recently been completed (construction would not have been authorized without the availability of water), and the school as well as the 15 previously existing commercial establishments all receive water from the EDA project.

Growth prospects for Kayenta also appear to be good. There is a potential increase in population in the area due to the expanded operations of the Peabody Coal Company. Another population increase may result from current plans to provide electric train service from the Glen Canyon Dam to a power station near Kayenta. To accommodate this expected activity, 527 FHA houses are planned for Kayenta, and an EDA water and sewer line application is now in the design stage.

f. Tuba City Water and Sewer Extensions, Project No. 08-1-00718, 1968

This EDA project, which consisted of the installation of one and one half miles of water mains and one half mile of sewer line as well as the extension of an existing water line to a commercial area, was originally conceived in 1967. The application was prepared by the Navajo Tribal Utility Authority in February 1968, and approval was given in December of that year. The project was completed in December 1969. Total cost of the project was $118,000. EDA contributed a grant of $91,800, with the remaining $26,200 coming from the operating funds of the utility authority.

Although the original project application anticipated the construction of a 60-unit motel and 200-seat restaurant in Tuba City as a result of the project, land disputes with the Hopi Reservation have clouded the proposed developments. The 40 jobs expected at the motel complex did, therefore, not materialize, and plans for a laundry facility with 11 full-time employees and a payroll of $48,560 were also dismissed.

The project has, nevertheless, had substantial impact on the Tuba City community. Water and sewer service is now being provided to 322 households, and the 284 units under construction will be hooked up to the system as soon as they are completed. In addition to these 284 homes, local action has urged an expanded housing program. Approximately 807 new homes are now in the planning stages, and it is anticipated that 1,165 homes will be renovated under the BIA home improvement program in the near future. Local leadership has also been responsible for urging the expansion of the available water and sewer service. This has resulted in an EDA application that was approved in mid 1970 and is now in the construction stages.

g. Shiprock Sewage Treatment Plant, Project No. 08-2-00712, 1968

Prior to the construction of this EDA project, sewer facilities in the Shiprock area were overloaded, and no new housing units could receive sewer service. In light of the expansion of the town resulting from employment opportunities at the Fairchild Semiconductor plant, local leaders urged the construction of a new sewage treatment facility. Accordingly, an application was prepared by the Navajo Tribal Utility Authority in February 1968, and approval was given in May of that year. The project was completed in March 1971.

Total cost of the Shiprock sewage treatment plant was $1,290,220. EDA contributed a grant of $512,860 and a loan of $171,560. The Federal Water Pollution Control Administration contributed $425,800, and the Navajo Tribal Utility Authority paid the remaining $180,000.

The project consists of a sewage treatment plant designed to accommodate 8,000 persons, as well as such institutional users as the BIA schools in the area and the Public Health Service Hospital. At the present time, service is being provided to 300 households, 24 commercial establishments, local schools, the hospital and the Fairchild plant. It is expected that an additional 385 housing units will be receiving service within the next several months. Plans also call for the construction of 210 new low rent houses, 436 mutual help houses, 647 FHA houses, and 312 new BIA houses in the Shiprock area. As these homes are completed, it is anticipated that they will be provided with sewer service from the new treatment plant.

Plans have also recently been completed for an expansion of the Public Health Service Hospital in Shiprock. The hospital, which now has 75 beds, is expected to increase in size to 125 beds. This expansion has been made possible as a result of the availability of sewage treatment facilities.

There is little doubt that the project has rendered a valuable and much appreciated service to the Shiprock community. It is expected to have a substantial impact upon community sanitary standards and will provide an improved climate for future industrialization. Management at the Fairchild plant is also deeply appreciative of the project as it is helping to provide better living conditions for current and future employees at the facility.

h. McKinley County Roads, Project No. 08-1-00757, 1969

This EDA project consists of a road 11.6 miles along the southeastern border of the Reservation. Originally conceived by United Nuclear Company, a uranium mining operation on the Reservation, the application was prepared by McKinley County in May 1968. Approved in early 1969, the project was completed in 1970.

Total project cost was $2,231,000. Of this amount, EDA contributed a grant of $1,783,200, while the New Mexico State Highway Department contributed the remaining $447,800.

This project, which was endorsed by the tribe, was planned to support uranium mining and milling operations of United Nuclear, to enable the Kerr-McGee uranium mining company to locate on the Reservation, and to provide transportation for persons living in the southeastern portion of the Reservation. United Nuclear Company alone anticipated hiring 700 additional Navajos to work in a milling and expanded mining operation. However, a decision of the Atomic Energy Commission not to purchase additional supplies of uranium resulted in some rather abrupt changes in plans. United Nuclear announced that it would not proceed with plans to develop a new mill and would curtail its existing mining operation, and Kerr-McGee has delayed its location on the Reservation for two or three years. As a result, the 1,000 anticipated jobs did not materialize.

The project does, nevertheless, provide transportation opportunities to some rather remote areas of the Reservation, and the roads, which are now traversed both by school buses and by Reservation residents going to Gallup to purchase basic goods and services, have provided considerable service impact. The project has had no discernible impact on the development process of the Reservation.

i. Navajo Water Storage Facility, Project No. 08-1-00761, 1969

This EDA project, a water storage facility for the town of Navajo, was conceived by the Navajo Forest Products Industries. The application was prepared by the Navajo Tribal Utility Authority in April 1968, and was approved by EDA in January 1969. Construction was completed in February 1971.

Total project cost was $352,000. EDA contributed a grant of $160,200 and a loan of $96,000. The remaining $96,000 was contributed by Navajo Forest Products Industries.

The project provides service to the sawmill and also to the residences and institutions in the town of Navajo. With respect to the sawmill, the project has provided extremely valuable fire protection services. Discussions with management at the industry revealed that their fire insurance rates have been lowered since the completion of the water project and, more importantly, the water has been used to extinguish two fires at the mill in the past two years. These fires would have caused extensive damage to the facilities and would have caused temporary unemployment for a large number of employees had the EDA project not been available.

The water facility also provides service to approximately 250 households in the town of Navajo. The additional 60 units now under construction will also be served by the project as soon as they are completed. A 360 pupil school has recently been completed in Navajo, and it too receives water from the EDA storage tank. Fire protection services are now also provided to the HUD-funded neighborhood facility and the commercial center funded by EDA.

As a result of the project, local leaders have also gained some experience in the development process. It is expected that this project will provide the impetus for future developments in the town of Navajo.

j. Chinle Water and Sewer System, Projects No. 08-2-01017 and 08-2-01018, 1970

The community of Chinle is one of the fastest growing centers of activity on the Navajo Reservation. A lack of adequate water and sewer facilities, however, were impeding future growth prospects, and as a result, local community leaders urged the expansion of the existing water and sewer system. An application to EDA was prepared by the Navajo Tribal Utility Authority in September 1969, and approval was given in March 1970. The project, which combines and expands four separate water systems and three separate sewer systems, is expected to be completed in April 1972.

Total project cost was $1,605,390. Of this amount, EDA contributed a grant of $893,330, and a loan of $280,000. The FWPCA has contributed $339,060, and the Navajo Tribal Utility Authority has contributed the remainder.

Although the project is still not completed, it has already had a far-reaching effect on the community. A 79-bed extended care facility which was recently completed owes its existence to the expanded water and sewer facilities. This facility, constructed at a cost of $1.5 million (with funding from Hill-Burton, Four Corners Regional Commission and the Navajo Tribe) has provided 70 new jobs in Chinle. Approximately 94 percent of the employees are Navajo, and the annual payroll is estimated to be $450,000. Plans have also been completed for a handicapped children's facility which will be in full operation by 1974. This facility, which would not have been planned without the existence of the EDA project, will employ 140 persons. Additionally, an $8 million Public Health Service hospital is being planned for Chinle. The hospital is expected to employ 344 persons.

In addition to these institutions, the project currently provides water and sewer service to 351 households. Plans call for the construction of 126 new low rent houses, 341 mutual help houses, 500 new FHA houses, and 268 new BIA houses in the near future. These houses, which would not have been planned without the EDA water and sewer project, will all be provided with services as soon as they are completed.

The impact of the project on the community of Chinle has been considerable. Local leaders have gained many insights into the process of community development and are now anxious to exploit their new knowledge. A bank which has recently opened in the area has indicated that loans for development purposes will be easier to obtain as a result of the water and sewer project, and it now appears that future efforts will be concentrated on the development of more adequate commercial facilities. It is generally acknowledged that the EDA project has played a catalytic role in the development of Chinle over the past year, and it is anticipated that it will continue to spur on local development activities in the future.

k. Window Rock/Fort Defiance Water Supply System, Project No. 08-1-00949, 1970

This EDA project, a water supply system for the communities of Fort Defiance and Window Rock, was first conceived in 1968. An application was prepared by the Navajo Tribal Utility Authority and was approved by EDA in November 1969. The project, which is currently in the initial stages of construction, is scheduled for completion in late 1972. Total project cost is estimated to be $2,000,000. EDA has authorized a grant of $1,600,000 and a loan of $400,000.

This project is designed to provide an adequate water supply to the Fort Defiance Industrial Park, and commercial establishments and residences in Fort Defiance and Window Rock. Discussions with management at the General Dynamics facility revealed that this project will be of great value to them as it will provide adequate fire protection service to the Fort Defiance industrial area. Additionally, two operations currently considering a location on the industrial park, American Indian Industries and a locally-owned commercial laundry, have indicated that the availability of water will be a prerequisite to their location in Fort Defiance. Expected employment from these two operations is 136.

The EDA project has also been deeply appreciated by the commercial establishments located in Window Rock and Fort Defiance. Although the jobs at these establishments cannot be attributed to EDA, the general consensus is that the project will substantially lower existing insurance premiums.

There are currently 322 homes in the area which will receive improved water service as a result of this project, and the 269 homes now under construction will also be receiving service from the new system. Additionally, 1,562 houses have been planned for the area. These houses could not have been planned without the expansion of the existing water system.

The Fort Defiance/Window Rock area is currently undergoing rapid growth, and local leaders have indicated that the project will insure that this growth is continued. Combined with the currently proposed sewer system for Fort Defiance and Window Rock, the area will be serviced with adequate utilities for future commercial, industrial and residential establishments.

l. Tuba City Water and Sewer, Projects No. 08-1-01023 and 08-2-01024, 1970

Conceived in early 1969, this project for expanded water and sewer facilities for Tuba City was approved by EDA in June 1970. Total estimated cost for the project is $1,372,773. Of this amount, EDA has authorized a grant of $958,943, and a loan of $275,000. The Federal Water Pollution Control Administration is contributing a grant for the remaining $138,830.

The project was designed to eliminate health hazards resulting from overflowing sewer lagoons in the existing system. It will have a capacity for servicing approximately 10,000 households, the current projection for Tuba City growth by 1980. Immediate service will be provided to the over 600 homes and the 1,000 pupil boarding school currently served by the existing system.

Additionally, it is hoped that the availability of adequate water and sewer facilities will serve as an impetus to economic growth in the area. At the present time, few commercial and no industrial establishments exist in Tuba City, although local leaders now feel that their efforts will be more productive as a result of the EDA project.

m. Navajo Community College Water and Sewer, Projects No. 08-1-01082 08-2-01083, 1971

The Navajo Community College is a Navajo controlled and operated two-year institution of higher learning. Currently located in temporarily loaned facilities at Many Farms, college officials have obtained funding for the construction of a permanent facility at Tsaille. To provide basic services to the new institution, officials urged the development of a comprehensive water and sewer system for Tsaille. Accordingly, an application was prepared by the Navajo Tribal Utility Authority in June 1970 and was approved by EDA in March 1971. Total cost of the project is estimated to be $1,652,500. EDA has authorized two grants for the project, the first for $1,499,880 and the second for $152,620. Construction on the project has just begun.

The current enrollment of full-time students at the college is 250, of whom 198 are boarding students. There are 35 teaching faculty, and a total work force of 150. It is anticipated that the number of students will increase to 500 full-time boarding as soon as the new facility is completed and more dormitory space is made available. A total work force of 380 is also planned for the new location at Tsaille. Within a four-year period, it is anticipated that there will be 1,500 students attending the community college.

The EDA project is considered by college officials to be an essential and integral part of not only the new facility, but also the surrounding community of Tsaille. It is hoped that this community will grow sufficiently so that it will provide the housing and commercial facilities needed by the college faculty, students, and work force.

n. South Shiprock Water Line, Project No. 08-1-01079, 1971

This EDA project, conceived and applied for in June 1970, was approved in March 1971. Total project cost is estimated to be $684,000 and will be covered by an EDA 100 percent grant.

The project, which has recently been advertised for construction bids, is designed to enlarge the water system south of the San Juan River in Shiprock. It will provide badly needed fire protection service to the

Fairchild plant, where insurance premiums have been extraordinarily high due to the shortage of water in the area. The project will also serve the 250 units of housing which surround the industrial area, and a proposed shopping center currently planned for south Shiprock.

2. BUSINESS LOAN PROJECTS

a. Navajo Forest Products Industries, Project No. 08-3-00086, 1966

Navajo Forest Products Industries (NFPI), a wholly-owned enterprise of the Navajo Tribe, was created in 1959. At that time, the Navajo Tribal Council appropriated $7.5 million for construction and initial operating expenses for a new sawmill in Navajo, New Mexico. Completed in 1962, NFPI continued its expansion program to include a bark processing plant. This plant was completed in 1966. A desire to further expand by adding a millwork and cut stock plant resulted in an application for an EDA business loan in early 1966. The application was prepared by the tribe, and was approved by EDA in June 1966. The new plant was completed in 1968.

Total project cost was $925,000. The project was funded as follows:

EDA loan	$ 550,000	(60%)
Bank loan	75,000	(08%)
Equity	300,000	(32%)
Total Project Cost	$ 925,000	(100%)

The EDA project has resulted in the creation of 55 additional permanent jobs at NFPI. These jobs, which have an average annual wage of $3,870, include three supervisory positions held by Navajos. Total wages resulting from the project are $81,250. Of the 55 new employees, approximately one-fifth were previously unemployed.

NFPI now employs a total of 475 full-time persons and has an annual payroll of $2.5 million. Although five of the six managers of the total operation are Anglo, over two-thirds of the first line supervisors are Navajo. Almost all employees live in the new town of Navajo, New Mexico.

The expansion of NFPI and the development of the town of Navajo to support the enterprise have been a part of tribal development plans since 1962. EDA has significantly assisted in the realization of these plans by providing the business loan for NFPI expansion, by providing a public works grant of $130,000 to prepare a central townsite area, by allocating a $270,000 business loan for a commercial center, and by providing a water system for the town at a cost of $160,200. As a result of these projects, EDA has not only directly created jobs and income, but has also rendered invaluable services to the new community. It has also been primarily responsible for the creation of a viable development process in the community. Local leaders are now far more aware of the needs of the community and the strategies that may be employed for fulfilling those needs.

b. Navajo Commercial Building, Project No. 08-3-00575, 1967

This EDA project provided for the development of a commercial center for the town of Navajo, New Mexico. An application was made to EDA in April 1967, and approval was given in September of that year. The project, which could not be started until the completion of EDA Project No. 08-1-00574 (Navajo Townsite Improvements), was completed in October 1970.

Total cost of the project was $415,850. EDA contributed a grant of 65 percent for $270,300, and the tribe contributed the remaining $145,550.

The project consists of a commercial building with 14,976 square feet of space. This space has been allocated as follows: supermarket area of 8,064 square feet; laundromat of 1,269 square feet; barber shop of 288 square feet; beauty shop of 288 square feet; restaurant of 1,269 square feet; post office of 1,215 square feet, and a common mall of 2,583 square feet.

The project, when conceived, was anticipated to provide 50 jobs with an annual payroll of $210,000. It was estimated that annual dollar sales at the facility would be $906,000. However, no leases have yet been signed for individual businesses at the center, and the entire building has been empty since October 1970. The delay can be attributed largely to the fact that no single individual appears to have been given the responsibility for locating and assisting individual businessmen who have had an interest in the facility. As a result, the 3,500 persons who live in the Navajo area have still not been provided with commercial facilities and must continue to travel to Gallup (47 miles away) for basic goods and services. It is now anticipated that the supermarket will be opened in early 1972 pending the establishment of a joint venture between the tribe and the Jim Dawes Corporation, and that the other spaces will be leased shortly thereafter.

The project has, nevertheless, provided local leaders with valuable experience in the area of project development. Community leaders are far more aware of the requirements for establishing and operating a commercial enterprise and are better equipped to deal with projects of this kind in the future.

c. Fairchild Semiconductor Division, Project No. 08-3-00734, 1968

The Fairchild Semiconductor Division of Fairchild Camera and Instrument Corporation has been in operation on the Navajo Reservation since 1965. At that time, the plant was located in the tribal Civic Center Building in Shiprock and employed 50 persons. As the demand for semiconductors increased, Fairchild expanded its employment to 350 and was interested in further expansion to a work force of approximately 1,200 persons. To facilitate this expansion, the tribe determined to develop an industrial area in Shiprock and equip it with a physical facility that would meet the needs of the Fairchild operation. An application for an industrial park was therefore prepared in 1966, and an application for a water system to supply the park area with adequate water was also prepared that year. Both projects were completed in 1968.

At that time, the tribe prepared a business loan application to EDA that would cover part of the cost of constructing a plant on the industrial park. The application, which was prepared in March 1968, was approved in June 1968. A supplemental loan was approved in November of that year. The two loans together were for $578,000, 65 percent of the total cost of the facility. The tribe contributed the remaining $365,000 (35 percent) for a total project cost of $1,044,000.

The facilities provided by the project consist of a building of 33,600 square feet completed in August 1969 and leased to Fairchild. These facilities created approximately 750 new jobs, bringing the total employment at Fairchild Semiconductor up to 1,100 persons. The payroll for the 1,100 persons was approximately $4.5 million. Recent cutbacks in defense spending have, however, forced the plant to make corresponding cutbacks in the size of the staff. At the present time, Fairchild employs 750 persons. The payroll has nevertheless remained at approximately $4.5 million due to pay increases given the employees at the plant resulting from increased skill levels and productivity.

Of the 750 persons now employed at Fairchild, only 26 are Anglo. Approximately three-fourths of the supervisory personnel at the plant are Navajo, and almost 170 of the present labor force are male. Training for the female assemblers was provided by the BIA at a cost of $585,268, and for machinists at a cost of $68,400. An additional $105,000 was received for training from the Department of Labor. Turnover, once a serious problem at the plant, has now stabilized at approximately five percent, compatible with other Fairchild operations.

Unfortunately, most of the income earned at the Fairchild plant does not remain on the Reservation. Because of the scarcity of basic goods and services in Shiprock, most employees travel to Farmington, New Mexico, a town approximately 30 miles from Shiprock. Retail sales in Farmington have increased approximately 25 percent per year since 1965, with the majority of the increase occurring in the past two years. The Shiprock branch of the First National Bank of Farmington estimates a 15 to 20 percent increase in deposits in the past two years which can be attributed to the expanded Fairchild operation.

The impact of the project on the attitudes of community leaders has been significant. Local leadership is now aggressively pursuing additional commercial and industrial enterprises and is engaged in a large housing program which includes plans for 1,605 new houses and the renovation of 1,295 existing homes. Although the area does not have a specific local development plan, its interests and concerns play an important role in overall tribal economic plans and programs.

d. Fairchild Semiconductor Division, Project No. 08-3-01053, 1970

In October, 1969, an application for a business loan to expand the existing Fairchild plant was submitted to EDA. Approved in June, 1970, construction was begun in 1971. The addition, designed for the in-house manufacture of special dies and tools to be used in the semiconductor assembly operation, is scheduled for completion in April 1972.

Total project cost for the new facility is estimated at $734,000. Of this amount, EDA contributed a loan of $462,800. The land provided by the tribe has a value of $22,000, and the remaining funds are being contributed by the tribe in cash.

It is presently anticipated that completion of the new facility will result in the employment of approximately 225 males, thereby easing the high male unemployment rate in the area. All except two will be Navajos from the Shiprock area. It is expected that the average wage for employees at the facility will be $2.45 per hour.

3. TECHNICAL ASSISTANCE PROJECT

a. Forest Management Study, Project No. 08-6-09053, 1967

This EDA project was designed to determine the growth and mortality actually occurring on the Navajo cutover lands as the basis for reviewing the projections on which the future of Navajo Forest Products Industries and other related enterprises depend. The application, prepared by the tribe with the assistance of BIA in April 1966, was approved by EDA in March 1967. The project was completed in October 1969.

Total cost of the project was $85,000. Of this amount, EDA contributed a grant of $70,000. The tribe contributed $15,000, including the cost of aerial photography provided by the BIA.

The project updated a 1950 inventory of tribal timber resources and included aerial photography, maps and inventory data. The application states that the project material was to be used by BIA and NFPI, although the current NFPI manager, who assumed leadership in July 1969, was not familiar with the project.

No jobs or income were created by the study. NFPI has practiced selective harvesting of the tribe's approximately two billion board feet of timber resources since 1959 and bases its harvesting on an annual production of 50,000,000 board feet. The only user of the study appears to be the BIA forest management department, and its effect on the Reservation's development process has been negligible.

4. PLANNING GRANTS

a. Navajo Planning Program

(1) Administrative Expenses, Project No. 08-5-15001, -01, 1971

In 1969, the Navajo Tribe was awarded the first of two planning grants from the Economic Development Administration. The funding of this and the subsequent grant is as follows:

		Local Contribution		
Date	**EDA Grant**	**Cash**	**In Kind**	**Total**
1969	$ 70,000 (68%)	$4,000 (3.4%)	$43,609 (28.6%)	$117,609
1971	70,000 (68%)	4,000 (3.4%)	43,609 (28.6%)	117,609
Total	$140,000 (68%)	$8,000 (3.4%)	$87,218 (28.6%)	$235,218

The initial grant, originally designed for a one-year period, was utilized for two years. Duration of the grant was from April 1969 to April 1971. The original staff consisted of an Anglo director, two Navajo planners, and a secretary. Because of a change in tribal administrations and planning staffs, it is difficult to assess the efforts of the first planning staff. However, in terms of output, few significant changes on the Reservation can be attributed to the grant. It is believed by the second planning staff that the major emphasis of the first staff was on small business development. In this regard, the planner did help to establish and obtain financing for several small businesses, two in Window Rock, one in Shiprock, and one in Tuba City. Efforts to attract industries to the Reservation brought no substantive results, and no plans or documents for future economic development have remained in the tribal offices.

The second planning director, Ken Townsend, was personally selected by the Chairman, Peter McDonald. He is an engineer, with a background in housing planning and development. His staff consisted of an Anglo tourism planner with an M.A. in environmental planning, an economist/planner with a background in business management, and a secretary. Two Navajo business planners were hired during the first six months, but both left for other positions shortly after being hired.

The activities undertaken by the second staff are summarized below:

(a) EDA-related Activities

The planning staff did not play a significant role in EDA projects on the Reservation. There was little coordination with the Navajo Tribal Utility Authority on public works projects, and no EDA applications were submitted by the staff. Although the planners were involved in efforts to lease the space in the EDA-funded commercial building at Navajo, there have been few positive results.

In terms of EDA activity for the tribe as a whole, one project is now in the application stage (Window Rock/Fort Defiance Sewage Treatment), and five are being designed and planned. All of these are being developed under the auspices of the Navajo Tribal Utility Authority, however, and the planning staff was involved with only one of them, an industrial park project at Church Rock. This project application was turned over to the planning staff for completion and submission some months ago, but it was never completed.

(b) Plans and Program Development Activities

A considerable amount of staff time was spent in the preparation of a ten-year plan for the Reservation. Although this plan is now only in draft form, a brief analysis of its contents reveals very little analysis of past programs, and an almost complete absence of meaningful planning. There are no specific projects suggested, and no means for program implementation defined. Although there is an unquestionable need for a comprehensive economic plan for the Reservation, the current effort does not appear to be fulfilling the need.

The background of the second planning director was largely in housing development, and much of his time was spent in the preparation of a plan for a Housing and Development Authority for the Reservation. This authority, which would include the current Navajo Housing Authority, would have the responsibility for planning, constructing, selling and leasing houses and commercial buildings on the Reservation. The plan is scheduled to come before the Tribal Council in the near future.

The tourism planner on the staff spent most of his time in the preparation of a tourism plan for the Reservation in conjunction with the BIA Tourism Development Officer. This plan has recently been completed and appears to be well thought through, although it is difficult to assess the extent of the input of the EDA-funded planner. The final document has been prepared as a BIA report, with no mention made of the planning office effort.

(c) Industrial Promotion and Development

The second planning director, Mr. Townsend, spent considerable time on efforts to attract industries to the Reservation. These efforts, however, brought no positive results. Meetings were held with a number of different industries, although no commitments were made. Discussions with American Indian Industries led to efforts to secure funding for the construction of a plant on the Fort Defiance Industrial Park, but the staff was not successful in its attempt to secure the necessary funds.

(d) Coordination with Other Agencies

The second planning director worked closely with both the Tribal Chairman and the BIA. Prior to assuming his planning duties, he was the Chairman's special assistant, and even after he became planning director, he still spent a great deal of time as a personal pilot. Other staff members worked closely with the BIA, and the development of plans for a hospital at Crownpoint, an airport rehabilitation project, and a review of commercial leases on the Reservation are being jointly undertaken by both staffs.

Coordination with the Tribal Council was done through regularly scheduled meetings with the Planning and Economic Development Committee. There was, on the other hand, little discussion with the OEO-funded community action agency, and little coordination with Reservation training programs. Dealings with the Navajo Tribal Utility Authority were minimal, and the planning staff was generally unaware of the EDA-funded programs of the authority.

To provide a more action-oriented approach to planning on the Reservation, the chairman has recently reorganized the planning department under a new umbrella association, the Navajo Economic Development Authority. This organization is now headed by Mr. MacEddy, the former director of the Navajo Tribal Utility Authority. Because this reorganization has taken place only within the past month, it is impossible at this time to assess its possible future impact.

RESERVATION REPORT

PINE RIDGE, SOUTH DAKOTA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Pine Ridge Indian Reservation is located in the southwestern corner of South Dakota. Pine Ridge, the administrative center of the Reservation, is 115 miles southeast of Rapid City and 210 miles southwest of Pierre, the state capitol. The Reservation, the second largest in the Nation, occupies 4,350 square miles and has a population of approximately 13,000 Indians of the Ogiala Sioux Tribe.

EDA assistance to the Pine Ridge Reservation has included three public works projects: an industrial park, an airport, and a sewage treatment plant. Additionally, EDA has funded two technical assistance studies, one dealing with a motel/tourism complex, and the second, not yet completed, designed to inventory the Reservation's timber resources. The planning program at Pine Ridge has also received contributions from EDA since 1969.

Although the income impact to date has been somewhat less than expected, the potential for growth is greater as a result of these EDA projects. The EDA industrial park project insured the continuous operation of a moccasin factory, and this plant has since expanded to almost double its original size. However, neither the airport nor the sewage treatment plant have had any job impact to date, although both have contributed to the development of the Reservation infrastructure and to other tribal objectives. The completed technical assistance study and the first two years of EDA support of the planning program have also produced no noticeable impact, although the current planning staff has been responsible for the development of a sound and viable planning process on the Reservation which is likely to have considerable impact on future development programs.

2. Conclusions

EDA has funded six distinct projects on the Pine Ridge Reservation for a total of $431,680 in grants and $29,000 in loans. Total impact from these projects has been 180 jobs with an annual income generated of approximately $708,000. However, all of these jobs can be attributed to one EDA project. None of the other projects have had or are expected to have any job or income impact in the near future.

Whereas the first two years of the planning program were characterized only by intensive, but unplanned efforts to attract industries to the Reservation, the current staff has concentrated on the development of a sound Reservation-wide planning process. As a result, tribal leadership is now more aware of development problems and their potential solutions and is far more willing to concentrate on fewer but more realistic projects.

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As a result, prospects for the future are considerably better now than was the case several years ago. The tribal administration has chosen to emphasize resource-based development, and this has provided a much needed framework for future planning. With plans almost completed for a tourism development program at Cedar Pass, and with the possibility of a motel complex at Pine Ridge (it is anticipated that an application will soon be filed with EDA for this project), it appears certain that the tribe will soon begin to capitalize on its potential for tourism development. Also, the prospects of establishing a modular housing factory on the Reservation are now far greater than ever before, due largely to a concentrated effort on the part of the tribe and the planning staff.

Despite these optimistic signs, there are a number of well-recognized problems that remain as obstacles to development opportunities at Pine Ridge. The Reservation is located far from potential markets, and transportation for industrial purposes is clearly inadequate. Although some efforts have been made to develop additional housing, housing remains a critical problem, particularly with regard to middle income families. Even more important is the lack of continuity in tribal politics. This has resulted in a proliferation of economic development efforts, many of which are begun under one administration and then abandoned by the succeeding chairman. It is hoped that the current effort to implement a merit system for tribal employees will have some effect on this far-reaching problem.

Relationships between the tribe and different government agencies vary. Although relations between the tribe and the BIA have historically been strained, the arrival of the new superintendent several months ago has aroused considerable optimism about the future. Tribal attitudes toward EDA include frustration over project processing delays and annoyance over the lack of communication between EDA officials (including the economic development specialist, the regional office, and the national office) and the tribe. Despite many visits by EDA officials, the current tribal administration feels that EDA has not provided them with sufficient assistance and that the only contacts with EDA are tribally initiated.

3. Recommendations

The Oglala Sioux Tribe has recently begun to make definite progress toward establishing a realistic economic development program for the Pine Ridge Reservation EDA programs have made a significant contribution to an increasing understanding of the fundamentals of viable economic growth by tribal leaders. However, much still needs to be done in terms of utilizing this recently acquired understanding in order to develop comprehensive economic and social programs and priorities.

Extensive efforts in the past to attract industries to the area did not meet with commensurate results, and the tribe has wisely decided to concentrate far more effort on the development of resource-based activities, particularly with respect to utilization of the land for recreational and tourism purposes. There is a need, however, for all aspects of a tourist development program to be carefully coordinated with one another. Proximity with the Badlands and the Black Hills provides a well-defined tourist market in the area, but the tribe must design programs and facilities that will divert tourists from established recreational sites and encourage them to spend time and dollars on the Reservation. This must be done by imaginatively focusing not only on the scenic beauties of various parts of the Reservation, but also on the unique culture and heritage of the Oglala Sioux Tribe.

Recent development of an industrial park area and a sawmill in Kyle, one of the outlying Reservation communities, is also a promising sign. In the past, almost all housing and development efforts have been concentrated in the Pine Ridge Village area, despite the fact that close to 10,000 Oglala Sioux reside in other parts of the Reservation. Future community, industrial and commercial planning efforts must consider all Reservation communities in their efforts to provide increased opportunities to tribal members.

In light of the above, the following recommendations are presented for the consideration of the Pine Ridge Reservation leadership:

1. Concentrate on the development of the Cedar Pass and Pine Ridge tourism projects, emphasizing not only natural beauties, but also the history and culture of the Oglala Sioux Tribe.

2. Selectively continue attempts to attract industries to the Reservation, but avoid investing tribal resources on low wage, unstable industries. Seek technical assistance help for realistic feasibility studies before investing tribal funds.

3. Continue to promote and assist Indian-owned commercial and industrial ventures, not only in Pine Ridge Village, but throughout the Reservation. Consideration should be given to seeking EDA or other help for continuing management assistance for recipients of BIA industrial development loans, SBA loans, and tribally assisted enterprises.

4. Intensify efforts to increase the productivity of ranching activities on the Reservation. Efforts to consolidate land holdings into more profitable units should be accelerated, and the development of livestock marketing cooperatives for small landowners and ranchers should be investigated.

B. SETTING AND BACKGROUND

1. Location

The Pine Ridge Indian Reservation is located in the southwestern corner of South Dakota. Its southern border coincides with Nebraska, while its western border is 50 miles from the State of Wyoming. The Reservation occupies approximately 4,350 square miles and is located in Shannon, Washabaugh and Bennett counties. Rapid City, South Dakota, is 115 miles northwest of the tribal headquarters at Pine Ridge, and Pierre is 210 miles to the northeast. Three highways provide access to the Reservation: Interstate 90 passes eight miles north of the Reservation, U. S. Highway 18 traverses the southern portion of the Reservation going through the town of Pine Ridge, and State Highway 73 passes through the eastern part of the Reservation from north to south. Commercial airline service is available at both Rapid City and Pierre.

2. History

The Pine Ridge Reservation is the home of the Oglala Sioux Indians, the most populous division of the Teton Dakota or Western Sioux. Originally from the woodland areas of Wisconsin and Minnesota, the Teton Dakota moved west into the Plains area during the 18th century and developed an economy based primarily on the buffalo. Incursions of white settlers into the Great Plains area, and particularly into the Black Hills to search for gold, led to increasing hostilities between Indians and Whites. The U. S. Government intervened and established the first of several peace treaties, but repeated hostilities resulting from the inability of the U. S. Government to keep white immigrants from the Black Hills led to the establishment of the Oglala Sioux on the Pine Ridge Reservation area in 1889.

Today, the population of the Pine Ridge Reservation is approximately 13,000. The current trend among the Oglalas has been toward greater village living due to the construction of tribal housing units and greater commercial facilities in the village communities. Over 3,000 persons now live in the town of Pine Ridge, with a majority of the remaining Indians living in other village communities.

Government attempts to impose an agricultural economy on the still semi-nomadic Oglalas have met with little success, and the vast majority of land currently being farmed is leased to non-Indians. Ranching, however, has proven to be of greater vocational interest to the people, and well over half of the land used for raising cattle is operated by Indians. Recent economic development efforts have been concentrated on land consolidation for more productive ranching activity, and on industrial and commercial development for the major population centers. Tourism planning efforts are also beginning to develop, with the hopes of making the Reservation into a major tourist area.

3. Resources and Economy

Natural resources on the Pine Ridge Reservation consist primarily of land, although the Reservation is continually moving away from an agricultural economy. Of the total Indian-owned and controlled acreage on the Reservation, four percent is farmed, four percent is badlands, and 92 percent is used for livestock production. Nevertheless, only 23 percent of the total income on the Reservation (exclusive of land sales) is derived from agricultural activities, and less than 20 percent of the labor force is engaged in such activities.

Also of significance is the fact that the agricultural sector is characterized by uneconomical ownership units, particularly with respect to Indian-owned land. It is generally understood that 250 head of cattle are required to provide a family with minimum income. Given the fact that the best Reservation land can support only one head on 16 acres of land, a viable economic unit would consist of approximately 4,000 acres. Yet between 52 and 60 percent of all Indian owners own less than 180 acres of land and can therefore support only six to ten head of cattle.

The recreational potential of the Reservation lands, on the other hand, appears to be considerable. While many tourist attractions exist throughout the State of South Dakota, the Black Hills area (including Mount Rushmore, Wind Cave National Park and Custer State Park) is by far the major attraction. This area lies within 15 miles of the Reservation boundary.

The Badlands National Monument, which borders the northern edge of the Pine Ridge Reservation, is another tourist attraction. Planning is now underway to develop the Reservation portion of the badlands as a major tourist attraction. Historical sites, such as the site of the massacre at Wounded Knee, Chief Red Cloud's home, and the Big Foot Trail, and recreational sites such as the Oglala Reservoir, could also be used in tourism development.

With respect to industrial development, the Reservation has a 20 acre industrial park and an airport currently available for use at Pine Ridge. Other industrial areas are being planned for several of the village communities, and financing is now being arranged for a modular housing factory that is expected to employ 120 persons. A work force to be employed in an assembly operation is being developed, and this should further enhance the ability of the tribe to attract additional industries. The Bureau of Indian Affairs is also actively working to establish small industries and additional services throughout the Reservation through its Business Development Program.

The Pine Ridge Reservation has, at the present time, a very limited commercial service sector. There are two grocery stores and two service stations in Pine Ridge village, and a general store in each of the other village communities. There are also five cafes on the Reservation. However, most of the demand for goods and services is currently being met in neighboring Nebraska towns, despite the fact that the village of Pine Ridge has a larger population than most of these off-Reservation towns.

The extent of government support of the Pine Ridge Indian population is evidenced by the fact that annual Federal expenditures are over $8.5 million, of which $4.5 million represents the annual budget for BIA operation on the Reservation. Large Federal outlays for industrial infrastructures and housing have also been made in the past several years.

Federally funded programs continue to be the largest employers on the Reservation, with BIA employing 207, OEO programs employing 190, and the Public Health Service employing 90. The only other major source of non-agricultural employment is Pine Ridge Products, Inc., a moccasin and doll manufacturing plant that employs approximately 180 persons.

Suitable employment opportunities, however, are insufficient for the approximately 3,050 Reservation Indians in the labor force, and unemployment is estimated at approximately 53 percent. Earned income accounts for 63 percent of total personal income, with the remaining 37 percent split between leased land income at 10 percent, and welfare at 27 percent. The average annual per capita income from all sources was calculated to be $1,096 in 1971.

4. Tribal Government

The official governing body of the Oglala Sioux is the Tribal Council, composed of 20 members elected every two years from the eight districts of the Reservation. The Tribal Chairman is elected at large every two years.

Tribal leadership at Pine Ridge is heavily involved in internal power struggles, and, until very recently as a result of a merit personnel system instituted by the current Chairman, Gerald One Feather, there has been no clear separation of the executive and legislative functions of the government. Voting within the Council is usually based on power alignments rather than on the merits of the proposal under consideration, and a change in administration has invariably coincided with a change in personnel throughout the executive branch. This has proven to be extremely disruptive of any planning or development process on the Reservation, particularly since the same Chairman has never been elected to two succeeding terms of office.

5. Community Development

The Pine Ridge Office of Economic Development (utilizing primarily OEO, DOL and HEW funds) is credited by many observers with providing the impetus to Reservation human and social development in the past several years, and many of its activities are favored among the resident Indian population. The agency has active programs in manpower training, education, housing, community organization, law and order, health and welfare, and natural resource development, and has been responsible for providing effective, decentralized services to the population of the entire Reservation.

The housing program on the Pine Ridge Reservation has made use of three types of funding to construct and repair almost 450 units in the past five years. An additional 450 units are now under construction, and are expected to be completed within the next year.

The U. S. Public Health Service, Division of Indian Health, provides health care services for Pine Ridge Indians. The facilities include a 60-bed hospital in Pine Ridge and field clinics in four other village communities. A surgical unit has recently been opened at the hospital, and it is no longer necessary for emergency patients to be flown to off-Reservation facilities. The total budget for PHS health services is approximately $1.5 million per year.

Education services on the Reservation are provided by the Bureau of Indian Affairs, local county school systems, and several churches. More than 2,800 Indian students are enrolled in the BIA schools (seven elementary and one high school), 400 in the parochial schools, and 350 in the public schools. There is also an active Reservation-wide Headstart Program, and OEO conducts programs for teachers' aids, summer youth, and adult education. A college center, affiliated with the University of Colorado, has also been established at Pine Ridge.

6. Planning

Planning activities on the Reservation have been largely funded by EDA, although a 1968 HUD 701 grant, awarded to Marshall Kaplan, Gans and Kahn, was responsible for the preparation of the single most comprehensive planning document for the Reservation. Disputes between the tribal administration and the consulting planners, however, resulted in the virtual neglect of the document by everyone except the EDA-funded planners who have been using it as a source study and guide for development.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Pine Ridge Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Industrial Park				
1. Initial Grant	06-1-00266	1967	$34,000	
2. Supplement	06-1-00266-01	1967	4,000	
b. Airport Improvement				
1. Initial Grant	06-1-00264	1968	170,000	
2. Supplement	06-1-00264-01	1968	21,000	
c. Sewage Treatment	06-2-00649	1968	73,000	$29,000
Total Approved			$302,000	$29,000
2. TECHNICAL ASSISTANCE PROJECTS				
a. Tourism/Recreation Study	06-6-09163	1969	$ 10,000	
b. Timberland Inventory	06-6-09333	not completed	2,500	
Total Approved			$ 12,500	
3. PLANNING GRANT				
a. Administrative Expense	06-5-15003	1969	$ 40,000	
b. Administrative Expense	06-5-15003-01	1970	38,550	
c. Administrative Expense	06-5-15003-02	1971	38,630	
Total Approved			$117,180	
TOTAL APPROVED			$431,680	$29,000

Detailed project-by-project descriptions and analyses follow.

1. PUBLIC WORKS PROJECTS

a. Industrial Park, Projects No. 06-1-00266 and 06-1-00266-01, 1967

This public works project, initiated by the tribal leadership, provided for the construction of a 20.6 acre industrial park with water and sewer mains (six and eight inch respectively), and an access road. Applications for funds were made to EDA in 1967, approval was given later that year, and the project was completed in 1969.

Total cost of the industrial park project was $47,606. EDA contributed two grants (initial and supplemental) totaling $38,000 (80 percent), and the tribe contributed $9,606 in cash (20 percent). The park is owned and managed by the Pine Ridge Reservation Development Company and the Oglala Sioux Tribe.

In 1967, at approximately the time the project application was submitted, the tribe constructed and equipped a 7,200 square foot plant on a site in the proposed industrial park area. This plant was to be used by Dakota Moccasin, Inc., a Wisconsin firm that wished to produce moccasins and had heard of the Pine Ridge location from BIA officials in Washington, D. C. During the time that the EDA project was being constructed, the plant was operating and employing approximately 90 persons, and in 1968, a 2,400 square foot expansion of the plant was constructed by the development company and the tribe.

In May of 1969, however, the plant closed. Sunbell of Albuquerque, Inc., a company that had purchased moccasins from the plant as a jobber, made the decision to purchase the operation. The plant was then reorganized as Pine Ridge Products, a division of Sunbell, Inc. Discussions with management of the firm indicate that the decision to purchase the plant was influenced by the availability of the water, sewer and access roads provided by the EDA project, most of which were completed by the time of the decision.

Pine Ridge Products now employs 180 persons, only five of whom are not Indians. Approximately 170 of these employees work on a piece rate basis, and average from $1.80 to $2.40 per hour. There are eight supervisors at the plant, six of whom are Indians. All supervisors are salaried employees earning $112.50 per week. Although the plant manager is white, the assistant manager, an Indian, is expected to assume control of the plant in two to three years.

Growth prospects for Pine Ridge Products appear to be excellent. The firm has recently expanded its line from exclusively moccasin production to include small Indian dolls, and it is anticipated that an addition to the existing plant will be needed within the year. Although the plant uses cottage industries for all lacing and beading work, 25 JOBS slots are used for the training of factory machine operators.

The moccasin factory is now the only industrial user of the park. However, the tribe is also using some of the sites for the offices of the tribal housing construction company, the commodity program warehouse, and a small tribal museum. Utilization of the industrial park sites is due almost exclusively to the advantageous location of the park in relation to the central section of the town of Pine Ridge.

Prior to the development of the industrial park, the infrastructure of the Reservation was capable of accommodating some industry, although no middle income housing was available, and utility service was minimal. Since the completion of the EDA project, however, 50 units of middle income housing have been built, and the industrial sites at the park now have complete water, sewer, electricity and access roads available. It is expected that these facilities, added to the existence of a steady, capable labor force, will improve the ability of the Reservation to attract prospective industries.

Although the industrial park has not had any significant effect on the ability of the tribe to secure financing for development projects, it has provided some impetus to the tribe in its efforts to recruit industries to the Reservation. Frustrations with SBA (due to the distance from the local office) and EDA (largely because of processing time lags) have tended to turn the tribe toward other financing and assistance sources, but it is nevertheless clear that tribal members are increasingly aware of the realistic development potentials and problems of the Reservation as a result of this EDA project.

b. Airport Improvement, Projects No. 06-1-00264 and 06-1-00264-01, 1968

The Pine Ridge Reservation had been actively seeking improvements to an existing airfield for several years when, in March 1968, an application for assistance was approved by EDA. The airport improvements were completed in July of 1969. Total cost for the project was $251,958. Of this amount, EDA contributed a grant of $191,000 in two sections, an initial grant for $170,000, and a supplement of $21,000. Tribal contributions totaled $60,958, $5,000 of which was in cash.

The prime mover of the airport project was the tribe, although BIA played a key role in drafting the application and seeing the project through to completion. The airport, which consists of one lighted runway, 5,200 feet by 60 feet, and one unlighted runway, 3,000 feet by 50 feet, is owned by the tribe. Despite the fact that it has been in operation since 1969, no formal organization has been established to manage the airport, and whatever maintenance has been done has been performed by BIA.

With respect to users, it is estimated that during the summer months as many as five people may use the airport per day, while during winter the number decreases to two or three. Most users of the airport own their own private planes, and a flying club has been established to encourage private usage of the facility. Pine Ridge Products, the BIA, and personnel from the PHS hospital are also users of the airport. Prior to the establishment of the surgical unit at the PHS hospital, emergency cases were flown out of the Pine Ridge area, and the airport received greater use.

The airport has not played a key role in efforts to attract industries to the Reservation, despite the fact that the initial application indicated a potential of 200 jobs to be created as a result of the project.

c. Sewer Lagoon and Outfall Line, Project No. 06-2-00649, 1968

The sewer lagoon and outfall line, applied for and approved in 1968 for the town of Pine Ridge, was completed in July 1969. Existing sewage treatment facilities in the town were already operating in excess of design capacity, and the application was initiated by the tribe in conjunction with the Public Health Service.

Total cost of the project was $146,000. Of this total, EDA contributed $102,000, $73,000 in the form of a grant, and $29,000 in the form of a loan. The Federal Water Pollution Control Administration contributed $40,500, and the tribe made a contribution of $3,500. Of this latter amount, $2,700 was an in-kind contribution of land.

The project, consisting of a 27-acre lagoon and a one and a half mile outfall line, has had no job or income impact. In terms of service, however, the impact has been considerable. Improved utility service has enhanced living conditions in the town and has resolved a potential problem of water pollution resulting from overflowing sewer facilities. Additionally, it has permitted the construction of over 100 homes in the town of Pine Ridge in the past two years.

2. TECHNICAL ASSISTANCE PROJECTS

a. Motel/Tourism Study, Project No. 06-6-09163, 1969

This technical assistance project, designed to study the feasibility of establishing a motel complex at Pine Ridge, was completed in October 1969. The study, at a cost of $10,000, was conducted by Program Research Corporation of New York.

Initiated by the then current tribal chairman and planning staff, it was anticipated that this study would be used as the basis of an application to EDA for construction of a tourist facility. The report, which is of high quality in terms of its conception, its understanding of the Reservation economy, and the clarity of its conclusions and recommendations, determined that the establishment of a 35-unit motel and restaurant complex was feasible. However, shortly after completion of the report there was a change in tribal administrations and planning staffs, and no action has yet been taken to submit an application to EDA. Plans for the preparation of such an application have, nevertheless, been made, and it is anticipated that an application will be submitted before the spring of 1972. The EDA feasibility study will be used as the justification for the application.

b. Timberland Inventory, Project No. 06-6-09333, Not Completed

The purpose of this feasibility study was to accurately determine the allowable cut, harvest areas, and other forest management practices necessary to have all forest lands on the Reservation producing to their fullest potential. The study, which is not yet complete, is being financed by a $2,500 EDA grant and a $3,000 payment on the part of the BIA.

Initiated by the BIA, with the application signed by the vice chairman of the tribe in February 1971, this project appears to have been undertaken without the knowledge of the chairman or the planning staff. The application was written by the BIA on behalf of the tribe, and the work is being conducted by a BIA forester from Aberdeen, South Dakota. Although the results of the study may prove to be of value to the tribe, the need for the project is not mentioned in any planning document, and the current chairman and planning staff do not conceive it to be of particular significance.

3. PLANNING GRANTS

a. Pine Ridge Planning Program, Project No. 06-5-15003, 01, 02, 1969-71

In 1969, the Pine Ridge Tribal Council was awarded the first of these planning grants from the Economic Development Administration. This grant was for the amount of $40,000, with subsequent grants for $38,550 and $38,630. Local contributions remained relatively constant for the three grants, with EDA averaging 70 percent of the total cost of the planning programs. For fiscal year 1971, the total program cost was $54,680, and the tribal contribution was $16,050 ($2,000 of which was in cash).

The impetus for tribal participation came from the tribal chairman in conjunction with the tribal attorney. The first planning staff, like all subsequent staffs, was chosen by the chairman. A white, former BIA employee at Pine Ridge was the first planning director. He and his assistant seem to have left little impact on the development of the Reservation. Unfortunately, the second director, an Indian from the Lower Brule Sioux Reservation, also appears to have had difficulties in producing results. Both of these planners, selected by the previous chairman, Enos Poorbear, seem to have viewed their roles primarily as those of site salesmen, interested only in selling industrial park sites to prospective companies. No positive actions resulted from any of these efforts.

With the election of Gerald One Feather as Tribal Chairman in 1970, an effort began to recruit a new planning staff. Advertisements were placed not only locally, but also in several large city newspapers. After interviewing several persons, Michael Hoffacker, a white planner from the San Francisco Bay Area, was selected for the position of director.

Mr. Hoffacker's qualifications for his position include a degree in economics, and some planning experience in San Jose. Although he had no previous experience with Indians, Mr. Hoffacker has been able to develop increasingly good rapport with the current Tribal Chairman and other members of his administration.

Upon his appointment, Mr. Hoffacker advertised locally to fill the other positions on his staff. After some difficulty, a development specialist and a planning intern were hired. The development specialist is a young white with a degree in economics who grew up on the Cheyenne River Reservation, and the intern is a young Sioux Indian from Pine Ridge. There is no secretary/bookkeeper position on the staff, and all clerical duties are assumed by the three staff members.

The planning staff is in constant contact with tribal leaders, and meetings are held several times each week with the Program Development Officer of the BIA. A very close relationship has been established with the Tribal Business Manager, and development and planning efforts have been coordinated with the Community Action Agency, the Tribal Housing Authority, and the Pine Ridge Development Company when appropriate. Additionally, the tribe is an active member of the United Sioux Tribes.

The primary thrust of the current planning staff has been to build a planning process on the Reservation. This effort has taken many forms. A planning commission has been established as a result of the effort of the current planning director with the express purpose of providing a goals framework for Reservation-wide planning efforts. The planner is also responsible for establishing the Oglala Sioux Betterment Commission, an organization originally recommended in the Reservation 701 report. This commission, composed of the BIA Superintendent, the PHS Unit Supervisor, the CAP Director and the Tribal Chairman, is concerned with insuring that tribal budgets and proposals are sufficiently coordinated so as to provide the greatest possible impact on the Reservation. Although this commission has only met several times, it is hoped that it will provide the necessary structure for sound planning and budgeting at Pine Ridge. Additional process-oriented activities undertaken by the planning staff include a series of public meetings in all major Reservation districts to discuss planning goals and processes, and development of a training program for the Indian intern in the planning office.

A considerable portion of planning personnel time has also revolved around tourism, industrial and commercial development. The staff have met frequently with personnel from the National Park Service, and detailed planning for an extension of the Badlands National Monument has been completed. A modular housing factory is expected to locate on the Reservation in the very near future (the planner is largely responsible for tribal negotiations), and the planner has worked closely with the local CAP program in efforts to establish a sawmill in one of the Reservation communities. Other efforts to bring industries to Pine Ridge have resulted from close coordination with the Industrial Development Expansion Agency of the State of South Dakota, although nothing substantive has yet developed.

With respect to specific EDA-related activities, several EDA applications are now in the development process, although none have yet been submitted by the current planning staff. By the end of this fiscal year, however, it is anticipated that several public works and technical assistance applications will have been completed and forwarded to EDA. The planning staff has not spent much time on the updating or preparation of Reservation plans. The OEDP has not been revised in the past several years, and no other overall planning documents have been completed.

While no jobs have been produced on the Reservation which can be directly related to the EDA-funded planning effort, the current planning staff has had a substantial positive impact on the Pine Ridge development potential. Not only has the ability of the tribe to borrow money for development projects been improved as a result of the addition of an articulate spokesman for tribal projects, but changes have been effected in the tribal leadership that can be directly traced to the planning grant. Reservation leaders are now more aware of development processes and problems and, most importantly, they are more organized for future development than ever before. The formation of the Planning Commission and the Betterment Commission are substantive achievements which will result in some organizational continuity in the areas of development and planning even if the current planning staff is replaced as a result of the next tribal election.

RESERVATION REPORT

RED LAKE, MINNESOTA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Red Lake Reservation of the Chippewa Tribe is characterized by plentiful natural resources, strong tribal leadership and considerable Federal involvement. Early in the twentieth century, the Reservation began to develop its forestry and fishery resources, and close to 300 people are currently gainfully employed (full or part-time) in businesses based on lumber and fishing. The Federal government remains the largest employer on the Reservation, however, and public subsidy is the largest source of dollars for the Red Lake Reservation.

EDA involvement with the Reservation has been limited but generally well received. All four program tools have been applied at Red Lake. As a consequence of EDA projects, amounting to $203,339 in grants and $221,585 in loans, some income impact has occurred. However, EDA's impact on development potential is by far the most important result to date. There is a feeling on the Reservation that the EDA program is making a meaningful contribution to the economic and social development of the Red Lake Band.

2. Conclusions

Specifically, eight EDA projects were approved for the Reservation. Of these, four projects were effectively voided. A small feasibility study for a furniture plant recommended approval of a business loan, but the intended firm backed out after the loan was approved. A planning grant was cancelled by the tribe after nine months because of growing hostility between the EDA-funded planner, a tribal designee, and the tribal leadership. An industrial location study was cancelled by EDA, after approval, because of too much similarity to another EDA study approved for the Reservation at about the same time.

Of the four projects which reached fruition, a 97-acre industrial park was developed, a business loan was used to help rebuild a tribally-owned sawmill destroyed by fire, a technical assistance grant was used to furnish short-term management assistance to a tribally-owned cedar fence plant, and a forest products study was just being completed at the time of this evaluation.

There has been no job impact to date attributable to these projects. The industrial park is empty, and no certain prospects exist. The sawmill, while employing 49 individuals, would have reopened without the EDA loan. The fence plant management study has not resulted directly in new hirings nor in saved jobs. The forest products study has not as yet led to action.

Any impact from the EDA projects to date has occurred in terms of service or tribal income benefits. The EDA business loan to the sawmill hastened the construction of the new facilities (although mill employees were employed throughout at a temporary facility) and enabled the tribe to conserve funds it might have had to provide as a lender of last resort. The EDA technical assistance study on the cedar fence plant temporarily

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improved the profit picture, providing a short-term increase of income to the tribe. The industrial park project benefits the community with better water service and fire protection.

The activities of the tribal leadership in the area of economic development have been significantly enhanced by EDA's presence on the reservation. As a whole, the EDA funds and studies have been timely and well-directed, and have laid a groundwork, both in terms of infrastructure and attitudes, for further economic development.

3. Recommendations

Red Lake is undergoing a transformation, as is probably any other Indian Reservation in the country. More and more Indians are supported by one form or another of welfare. Yet understanding of the fundamentals of viable economic growth is undeniably increasing on the Reservation, aided in no small part by the activities of EDA. EDA has provided several inputs to the Reservation's economic development activities, and current projects should produce long term effects. Much remains to be done, however, before heightened understanding of the principles and economics of mutually beneficial business partnerships is gained and used to form policies which will lead to the real economic development allegedly sought by the Tribal Council.

The major problem on the Red Lake Reservation is the inability of tribal leaders to resolve conflicting priorities regarding significant economic development, on the one hand, and the desire to preserve tribal culture and Reservation resources on the other. An example of the problem can be found in discussions about recreation development. Red Lake has a great deal of recreation potential; much income could be derived from wider use of Reservation land for hunting, fishing, boating, and camping. The Council professes interest in such development, but they well know the very real dangers which such policies could lead to for the culturally isolated Band and its homeland. Thus recreational development is unlikely to occur, despite avowed interest by the Band, as long as it is perceived by them as an insidious threat to their control of the Reservation, to the uses to which it is currently put, and to their very way of life. Recreational development of Red Lake, whether it is "good" or not, must probably await the development of a cadre of tribal leaders who either feel they can control the form of that development or who are not so acutely aware of their cultural and historical milieu.

A more immediate need is for the realities of business economics to be better understood by the Council. To date, the tribe has been entering negotiations with prospective firms with demands which few businessmen could accept. A more realistic assessment of incentives and demands is therefore in order. Since the tribal members are generally opposed to closely supervised production line work, jobs need to be developed in activities which are either less structured (lumbering, craft piece work, modular or pre-fab housing construction, etc.) or are supervised by competent and motivated outside management.

The establishment of continuing management contracts with nearby management specialists who possess skills in various technologies and demonstrate empathy with Indians and their needs should be given high priority. The working relationships among Rod Edwards (tribal attorney) and Bob Poissant (nearby accountant) and the tribe suggest that the Band has much to gain from continual access to competent professionals whose views in development matters will be respected by the Tribal Council.

The economic development process at Red Lake is well under way. Several additional efforts and projects which would seem to have much to offer the Reservation in the near future are as follows:

1. There is some indication that the Red Lake Band would benefit from a thorough management review of the entire timber processing by the recent Mater Engineering study and the fledgling prefab housing industry, by an experienced outside lumber and wood products company. The present operation has developed in pieces, and useful cost savings and additional spin-off activities may be suggested by a review team with experience in the same raw materials, processes, and markets.

2. The Tribal Council should consider the establishment of Boards of Directors for those present and future tribal ventures for which expertise and capital are occasionally needed. The Boards would draw upon competent outside resource people whose experience and contacts might prove useful to venture management, yet would be under the overall supervision of the Tribal Council either by membership or by virtue of legal structure. This mechanism would serve an important linking function with the economy from which the Reservation is too isolated, yet would keep the relationship on the tribe's terms.

3. There is a clear need for a professional survey of the market which exists in the Northern Minnesota area for "second" or vacation homes constructed of pre-fabricated materials. Several studies of the production/construction process exist upon which the Red Lake Band can draw, but the planning of a business venture based on Red Lake products and (limited) experience requires market data.

4. The Red Lake Band needs a tribal mechanism by which the young people of the Band can become involved in the development of their tribe. A Tribal Council genuinely concerned about the future of a precious homeland will create projects or institutions, subject to Council policy guidelines and overall supervision where necessary, within which the future Indian leaders can test their mettle and become involved in the future of their homeland at the same time as they are performing currently useful tasks for the Reservation.

B. SETTING AND BACKGROUND

1. Location

The Red Lake Indian Reservation consists of 636,964 contiguous acres of heavily wooded country in north-central Minnesota. In addition the Red Lake Band owns scattered tracts of land extending up to the Canadian border, amounting to approximately 156,690 acres. There are three communities located on the Reservation: Red Lake and Redby are located on the south shore of the Lower Red Lake, and provide the greatest concentration of population; Ponemah is located on a peninsula between the Upper and Lower Red Lakes.

The population center nearest to the Reservation is Bemidji, a town of 10,000 located 32 miles to the south of the Town of Red Lake. Other nearby towns include Blackduck, about 30 miles to the southeast, and Thief River Falls, about 70 miles to the northwest of the Town of Red Lake. The Minneapolis-St.Paul metropolitan area is about 200 miles to the southeast of Red Lake.

The Reservation has all-weather north-south and east-west highways running across it; however, these roads are not suitable for heavy truck use and are not arteries of commerce in northern Minnesota. Secondary roads and bridges are few and of poor quality and insufficient for full utilization of the Reservation's natural resources and recreational opportunities. Although bus and train service are unavailable on the Reservation, they are available at Bemidji, Thief River Falls, and Blackduck. Air service is available from both Bemidji and Thief River Falls.

2. History

The population of the Red Lake Indian Reservation has been gradually increasing, and today 3,700 members of the Red Lake Band reside within the Reservation boundaries. In addition, approximately 400 white persons and non-member Indians live upon the Reservation (most of these are employed in Government agencies and in the school system). The Reservation population has been found to fluctuate according to the general economic conditions prevailing; in times of economic prosperity, many resident members tend to leave for employment outside the Reservation, and when times are bad, these members resume residency on the Reservation.

The population of the Red Lake Band belongs to the Chippewa Tribe. Although the Sioux were the original inhabitants of this area, they had been driven out of the area by the Chippewa (Ojibwas) by about 1770, when the northern timbered areas of Minnesota were conquered and occupied as semi-permanent homes. The Chippewa in the United States have been at peace with the Government since 1815 and have experienced less dislocation than many other tribes. Their reservations are parts of their traditional homelands. The Chippewa were historically timber people and engaged primarily in hunting and fishing. They supplemented these occupations with gathering of fruits and cultivation of wild rice. By the mid-1800's, the Red Lake Indians were so successful in raising grain and vegetables that they supported many families who fled to them to escape starvation. The Red Lake Band were known to be thrifty farmers for centuries. Currently, however, only seven families are actively engaged in farming on the Reservation. Although sufficient acreage of good farm land is available, the current members of the Band are now without the interest, up-to-date knowledge, and capital needed to develop and maintain profitable farm ventures.

3. Resources and Economy

a. Resources

The primary resources utilized on the Red Lake Indian Reservation are timber and fish. As indicated above, agriculture has played a limited role on the Reservation in recent years, although the opportunities exist for the cultivation of cranberry marshes, blueberries and wild rice on a commercial basis, as well as for the expansion of existing agricultural pursuits. In addition, the Reservation has a vast recreational potential which has to date been greatly underutilized, some available mineral resources, and a potential work force which has also been underutilized.

The timber resources of the Reservation offer a major opportunity for further development. The Reservation lands, with the exception of an area called the Northwest Angle (where 52,000 acres are being commercially forested under contract) are estimated to contain 210 million board feet of saw timber and over two million cords of pulp and other small forest products. The Red Lake Mill, the major business on the Reservation, is scheduled to use about five million board feet of hard and soft wood per year for each of the next ten years, only about half the amount which the timber lands could support under a sustained yield program. Thus, the Reservation has available timber resources to supply the needs of prospective wood-using industries, as well as a mill capable of converting the timber to the finished or semi-finished wood products required by such industries. Industries such as furniture manufacturers, sash and door factories, charcoal manufacturers, hard board mills and paper mills would have readily available the wood products required in their operations.

Another major resource which has been used by the Band, since the Chippewas settled along the shores of the Red Lake in the 18th century, is the Lake's fish. Both the Upper and Lower Red Lakes produce a very substantial amount of fresh fish for the commercial market, including the walleyed pike and perch. This resource is guarded from harmful exploitation by a yearly quota, fixed by the Secretary of the Interior, based upon studies of age/weight ratio of each year's catch. Under the present quota, 650,000 pounds of fish were taken out of the lakes by members of the Band last year, at a value of approximately $1.5 million. In addition, the many other lakes and streams on the Reservation offer other sites for fishing for walleyed pike, bass, Northern pike, and pan fish. The current fishery operation, conducted by the Red Lake Fisheries Association, is limited to the delivery of walleyed pike and some other species for further processing and marketing by a non-tribal group. However, the Association could undertake to process the fish itself by expanding the fisheries facilities on the Reservation.

The recreation potential of the Reservation is undoubtedly vast. The Reservation contains beautiful forests and lakes in their natural state which are ideally situated for development as tourist attractions and for the establishment of trailer and tent camps for use by the public. Many good trout streams flow on the Reservation, several of them stocked by the U.S. Fish and Wildlike Service, and, in cooperation with the U.S. Bureau of Sport Fisheries, the tribe has developed rainbow trout lakes for their own people . Non-residents may fish at these lakes at certain specified times during the year.

Other tourist resources are guided hunting, trapping and fishing. The Reservation contains some of the most famous and coveted hunting and fishing in the country, with large numbers of game, including wild fowl, deer, moose, small game and game fish. However, about 15 years ago, a Federal dredging operation destroyed one of the great natural habitats for fish and wildlife plus one of the best nesting grounds for ducks in the U.S. Dams and other facilities could restore more of the fish wildlife habitat in these areas, thus improving the economy of the Reservation. The Band has developed, with the help of the U.S. Fish and Wildlife Service, two large wildlife areas on the Reservation. The Ki-Wo-Say area of 8,000 acres and the Zah-Geeng Wildlife area of 5000 acres are both used for duck nesting and pike spawning, and for other hunting and fishing. These two large wildlife areas have more than doubled the amount of fur harvesting on the Reservation.

Swimming, picnicking and camping are all available on the Reservation; skiing, with rope tows and chalet services, is available just outside the Reservation boundary, from December into March.

Additional attractions include the nationally famous July 4th Indian Dance Festival that draws participants and spectators from many states and Canada, St. Mary's Mission, and the Indian handcraft products on the Reservation.

Two other resources capable of fruitful exploitation include agricultural land and minerals. There are 10,000 to 15,000 acres of land on the Western edge of the Reservation which are suitable for farming and cattle/dairying operations; additional land could be cleared and broken as required. This land, which is geographically and economically removed from the population centers on the Reservation, could either be developed for agricultural purposes by members of the Red Lake Band or leased to farmers in the Thief River Falls area. This land is suitable for potato and beet crops. Blueberries and cranberries can also be grown on the Reservation. All agricultural activity is hampered, however, by the short growing season.

Mineral resources can only be guessed at pending the completion of more thorough geological studies, but there are preliminary indications of substantial deposits of iron and other ferrous metals, and some copper and nickel deposits. Permits to explore for these metals are being processed by the Tribal Council and the Federal government. There are also sizable deposits of marl and peat on the Reservation, which await possible development.

b. Economy

Until the recent inception of various Federal programs, the only sources of income available to tribal residents had been in commercial fishing, a sawmill operation, timber cutting, and, to a very limited extent, from agriculture.

The Red Lake Fisheries Association is composed of tribal-members who deliver pike and other species of fish for further processing and marketing by a non-tribal group. This business has provided income to about 200 persons for a few months of each year. This commercial fishing is confined to Upper and Lower Red Lakes.

The Red Lake Indian Mill at Redby is the focus of present development efforts on the Reservation. The sawmill and planing mill together employ about 50 men at present levels of operation, and the associated logging operations employ about thirty more. The sawmill operations have gradually grown since before the turn of the century to a point where about $500,000 in revenue is generated each year. A period of deficit operations in the early 1960's was ended with the help of a new sawmill partly paid for with an EDA loan. The mill and associated activities are operated as a tribal venture under the supervision of Bureau of Indian Affairs - retained specialists.

In addition to the 50 full-time employees at the mill, there are several local Indian men who are capable loggers on the Reservation. These loggers own skidding equipment and trucks valued at around $17,000, which they have obtained through Small Business Administration (SBA) loans and some outside financing. They furnish the mill with its timber supply.

The Red Lake Chippewa Cedar Fence Plant is the other major economic activity related to the Reservation's forest resources. Originally started by an outside firm, the operation was bought by the Tribal Council in 1968 with funds from the Tribal treasury and an SBA-backed loan. The Redby plant employs between 15 and 20 people, and a recent loan from a local bank is enabling the purchase of new machinery and expanded operations.

Seven families are actively engaged in farming and, on an average, each owns 21 head of dairy cattle and five head of beef cattle. These farm operations produce $9,347 in tribal income and $90,000 in personal income annually.

There are presently 535 male and 336 female members of the Band between the ages of 18 and 65 years who are physically or mentally fit for employment. Less than 60 percent of this labor force is currently regularly employed, and over half of those with regular employment are associated with a variety of governmental agencies or programs. Another 25 percent of the labor force derives some earned income from seasonal and temporary work as fishermen, for work in the woods, or from the harvesting of wild rice. Some of this work (fishing) is lucrative, but there is strong competition for the few better income opportunities in this area. The remaining members of the community must rely upon relief and welfare payments.

Only a small percentage of the total employable members of the Red Lake Band can be classified as skilled in specialized trades. However, this group of Indians is recognized for having a high degree of manual dexterity and is quick to learn trades. Among those presently unemployed there are approximately 85 males and 40 females who would properly be classified as skilled or semi-skilled. The unemployed males in this category are those with experience or training in various sawmill and planing mill operations, and in other occupations such as clerks and office workers, bus and truck drivers, carpenters and auto mechanics. The unemployed female skilled and semi-skilled workers are mostly those with training or experience as cooks and office workers.

There are very few places on the Reservation to spend the money received from these inflows. The Reservation towns of Red Lake and Redby (1500 and 1100 people respectively, including outlying tracts) contain only four small general stores and about an equal number of service stations; Ponemah to the north has one store. Major expenditures are made in Bemidji, and to a lesser degree, in the other aforementioned towns outside the Reservation.

4. Tribal Government

The Reservation is governed by a Tribal Council of eleven persons. The Chairman, Secretary, and Treasurer are elected at large by the Reservation members to four year terms. Two councilmen from each of four districts are elected by the voters of their respective districts for staggered four year terms. This Reservation government is stipulated, and its functions and duties defined, in a constitution and by-laws approved in 1958-59 by the Secretary of the Interior.

The Tribal Council has chosen a strategy of developing a "viable economy" within the Reservation itself. This strategy has been particularly well articulated and followed since the new Tribal Constitution was written and reorganization took place in 1958-59. The elective eleven man Tribal Council has, since that time, been led by a strong Tribal Chairman - Roger Jourdain - who has given new impetus to the concept of developing an economy around its tribally-owned resources, using outside assistance to fund capital improvements and to subsidize Tribal Band living expenses as necessary in the interim. Much of the current activity on the Reservation is in fact the direct result of a Tribal Chairman who is strong and skillful enough to provide new "provisions" for his tribe as needs arise. And much of the structure of the current activities is a result of centralization of control that is desired by the Tribal Council. Planning in a technical sense probably does not occur, but there is undeniably a focus and a momentum to the succession of Reservation programs and activities which is provided by the Tribal Council.

5. Community Development

In order to achieve its economic and social goals for the Reservation the Red Lake Tribal Council has constituted itself as an industrial development corporation. For the past nine years, efforts have been made through the Bureau of Indian Affairs and by contact with private individuals to assist industries wishing to locate on the Reservation. The Corporation intends to serve as the instrument through which the Red Lake Band may invest money for the establishment of plants and facilities for industrial and commercial development on the Reservation.

The Bureau of Indian Affairs, in cooperation with the State Employment Service, provides assistance in the recruitment of qualified Indian employees to meet prospective companies' staffing needs. The BIA has also provided on-the-job training programs through which qualified enterprises are reimbursed for training of eligible Indian workers.

The Department of Labor is active on the Reservation, and has various training programs available to help meet the need for vocational and specialized training. One current on-the-job training program, Mini-CEP (Concentrated Employment Program) reimburses the local Housing Program for training eligible Indian people to be qualified home building workers. The SBA has provided loans or loan guarantees for various projects on the Reservation.

The Office of Economic Opportunity (OEO) funds a Community Action Program (CAP) on the Reservation at a level of $560,000 for the current fiscal year. The CAP has a staff of 60.

A Headstart Program is currently funded by the U.S. Department of Health, Education and Welfare (HEW), on the Reservation. The Red Lake School system, including a 6-year accredited high school and two elementary schools for a total student body of 830, is currently funded by Minnesota, the Impacted Areas Program (PL 874) under the Johnson-O'Malley Act, and by Title I funds ($71,203 this fiscal year). The Public Health Service operates a hospital in the town of Red Lake.

The Department of Housing and Urban Development (HUD) is involved in the successful Mutual Help Housing Program, by which Indians develop "sweat" equity in houses built with sawmill materials, Minnesota Concentrated Action Program-paid and OEO-paid labor, and BIA Superintendent-provided direction. The evolving program has been underway since 1964, with 160 houses built and about 30 men employed at least part-time. The Tribal Council is currently acting as its own developer in this housing effort: the Tribal Housing Authority purchases the completed homes with the help of HUD's Housing Assistance Administration (HAA) funds, and uses subsidized payments from Mutual Help participants to repay HAA.

The Red Lake CAP Housing Program has also constructed new community centers in each village on the Reservation. These community centers were constructed with OEO funds awarded to the tribe through incentive grants.

In addition to the housing available to tribal members through the HUD program, the Red Lake Tribal Credit Program has provided loan funds to members who have built approximately 50 standard homes and renovated many more. In addition, other local and Federal agencies are now making financial assistance available to tribal members. These include the Veterans Administration, Farmer's Home Administration, and local banks. The BIA, through its Home Improvement Program, has constructed some new homes and repaired many more, and plans are to continue in this manner until all housing needs are met.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Red Lake Indian Reservation to date:

Project Type and Kind	Project No.	Date	Funding Grant	Funding Loan
1. PUBLIC WORKS PROJECTS				
a. Industrial Park	06-1-00125	1967	$150,339	$ 37,585
2. BUSINESS LOAN PROJECTS				
a. Saw Mill	06-3-00124	1966		184,000
b. Furniture Plant	06-3-00246	1967		cancelled
3. PLANNING GRANT				
a. Reservation Planning Grant	06-5-15004	1968	20,000	
4. TECHNICAL ASSISTANCE				
a. Furniture Plant Feasibility	06-6-09009	1966	3,000	
b. Cedar Fence Plant Study				
1) Original Purchase Order	06-6-09255	1969	2,500	
2) Supplement	06-6-09255-01	1970	2,500	
c. Forest Products Study	06-6-09256	1970	25,000	
d. Plant Location Study	06-6-09207	1970	cancelled	
TOTAL APPROVED			33,000	
TOTAL APPROVED			$203,339	$221,585

Discussion and analyses of these projects follow:

1. PUBLIC WORKS PROJECT

a. Redby Industrial Park, Project No. 06-1-00125, 1967

The Redby Industrial Park project, approved by EDA in January of 1967, consisted of a $150,339 grant by EDA (80 percent of total) and a $37,585 loan (20 percent) for a total EDA contribution of $187,924. This public works project was intended to create an attractive site where outside industrialists could locate wood-related production/processing facilities. An immediate objective of the project was the creation of a water and fire protection system that would benefit the Red Lake Indian Mill, the Red Lake Chippewa Cedar Fence Plant, and the Town of Redby; however, the project also prepared industrial sites for the proposed Eisen Brothers furniture plant and for other potential industries.

The industrial park project was initially conceived in 1965, together with the projected construction of the new sawmill aided by the EDA business loan. Application for the public works financing was originally made in the spring of 1966 and was approved in January of 1967, and completed by July of 1968.

Total cost of this industrial park project was $187,924. EDA contributed the entire amount $150,339 (80 percent) in the form of a grant, and $37,585 (20 percent) in the form of a loan at 4-1/8 percent interest for 20 years. Although the Red Lake Band had some of its own money invested in site development on the park, this money was more related to the proposed Eisen Brothers furniture plant project than to the industrial park as a whole.

The Tribal Council initiated this project. The application for financial assistance was made by the Council under Roger Jourdain, the Chairman, who also represented the tribe in the negotiations. He was assisted by the Tribal Attorney, Ron Edwards. EDR Stan Pechaver counseled the Tribal Council on preparation of the application and forwarded the documents to EDA. The Red Lake Band owns the 97-acre industrial park and the water system which was the main project output. A Water Commission, reporting to the Council, "manages" the water distribution to Redby residents and the sawmill and cedar fence plant. No other industrial park activities exist to date.

The components of this project include a 125,000 gallon above-ground storage tank, a pump house and pumping mechanism, a water and sewer system for the park and for the Town of Redby, improvement and extension of a dirt access road, and clearing and grading of several previously undeveloped sites on the 97 acres. The water distribution system is currently handling over 20,000 gallons of industrial and drinking water per day, serving approximately 100 families in the Redby community, as well as the sawmill and the cedar fence plant. The access road to the industrial site connects with the road to the sawmill to form a "U" shape; the industrial site (western) part of the road is seldom used for reaching State Highway 1, but it does increase the accessibility of the sawmill and cedar fence plant. Fire protection is provided at the cedar plant and the new sawmill building (but not for the planing mill) by sprinklers, feasible because of the project's water distribution system. Insurance savings can reasonably be attributed to the project.

As indicated above, there have been numerous beneficiaries from the industrial park project. It has resulted in improved road access for the Red Lake Indian Sawmill, as well as a much improved water supply, increased fire protection, and annual insurance savings of approximately $3,500 (estimated) for both the saw mill and the cedar fence plant. The Redby community as a whole has benefitted from the new sewer system; water supply is now plentiful, at a cost of only $3.00 to $4.00 per year per home. And the Red Lake Tribal Council has an enhanced interest in, and understanding of, industrial/business development due to their involvement in the development of the industrial park.

Water system receipts in the amount of about $1,825 ($1,549 through June 30, 1970) have accrued to the Red Lake Tribal Council through the Water Board.

A Mutual Help Housing warehouse is the focus of Red Lake's fastest growing economic enterprise, a Federally subsidized sweat equity housing construction and ownership program. The warehouse was constructed on an industrial park site, though it was not built with public works project funds. There is insufficient information at the present time to quantify any benefits received from the project, but development potential impact is high.

No firms have moved into the industrial park to date. A mattress plant in Minnesota has expressed interest in locating in the industrial park, but discussions are not currently active. The only possible job impact attributable to the project is to the members of the Water Board. The three members of the Board are Indian; their positions on the Board are largely honorary, however (resulting in $450 in salaries since 1967), and these individuals all have other income sources.

Just prior to the industrial park development, the infrastructure of the Reservation was capable of accommodating some industry; however, available utilities were minimal and existing housing poor. The improvement in utilities and the further availability of industrial sites has certainly made the Reservation more attractive for prospective industries.

There has been no change in the availability of financial assistance to the Reservation; the tribe is able to secure some financing, but inability to finance many projects is still a major drawback to development.

Roger Jourdain, the Tribal Council's Chairman since 1959, has emphasized economic development programs. The industrial park project, and discussions with industrialists whose interest was enhanced by the park, have increased leadership's drive for economic development. However, their initiative extends only so far; little work of real substance is going on to identify and attract outside viable industry to the Reservation. The leaders have experienced a certain amount of frustration in their negotiations with private industrialists and the EDA (and BIA and SBA) bureaucracy, but they have learned more about the development potential of the Reservation, and are undeniably more familiar with industrial development problems as a result. It remains for this increasing sophistication to be used by the Council to attract outside resources to increase job and income opportunities for the Red Lake Band.

2. BUSINESS LOAN PROJECTS

a. Red Lake Indian Sawmill, Project No. 06-3-00124, 1966

This project, approved in 1966, consisted of a business loan to rebuild a tribal sawmill which burned down in 1965. The EDA loan consisted of $184,000, 40 percent of the amount needed by the tribe for the construction of a new and improved facility. The remaining 60 percent was supplied by the tribe from the 100% insurance coverage on the earlier mill.

The Red Lake Indian Sawmill is a lumber enterprise consisting of a sawmill and a planing mill located next to the Redby Industrial Park. Approximately five million board feet of pine and hardwood are utilized annually, and about 50 members of the tribe are directly employed by the operation. It is a tribally developed enterprise which has operated for 40 years under the supervision of the Bureau of Indian Affairs. The mill has played an important role in the economy of the tribe and has been a focal point of the Tribal Council's plans for the Reservation.

The loan to the sawmill was one of EDA's first business loan projects and was the second EDA project on the Red Lake Reservation. All other EDA projects at Red Lake relate at least indirectly to the mill.

The business loan application was processed comparatively speedily in this case. There was an element of urgency to the mission of replacing the single largest non-government employer on the Reservation after it was destroyed by fire. The application to EDA for assistance was developed soon after the December 1965 fire, and a loan in the amount of $200,000 was originally approved. Final approval of a $184,000 loan was made on June 24, 1966, and the mill was able to renew full-scale operations in the fall of 1966.

The total cost of rebuilding and enlarging the sawmill after the fire in 1965 was $464,000. Of this amount, EDA contributed 40 percent, or $184,000. The loan was made for 15 years, at 4-1/4 percent interest with EDA maintaining a first lien on the plant constructed with the loan. The amount of working capital which was required is unknown. The remaining 60 percent of the funds required for plant and equipment were supplied by the Red Lake Indian Band from insurance proceeds. This tribal funding served as leverage for securing the EDA loan.

At present, there are 49 employees at the sawmill, and about 30 employees working in logging crews on the Reservation. The breakdown of job categories appears below:

Position	Employees
Civil Service Employees (mill manager, purchasing agent, one other)	3
Office Employees	2
Skilled employees (foreman, machine operators)	7
Semi-skilled employees (including logging truck drivers)	15
Unskilled employees	22

There are two women in the office; the remainder of the employees are men. Of the 30 Indians in the logging crews, seven are crew chiefs who exercise managerial control over their crews.

At the time of the EDA loan approval, it was expected that 64 saved jobs and 5 new jobs would result from the project. Most of the people now employed at the sawmill, in fact, were so employed before the fire.

The Red Lake Reservation currently has an application in to EDA for a major improvement and expansion of the mill which would provide further job opportunities, as well as permit the processing of a wider selection of logs and production of cut stock (cut to order) by the mill. The application is for over $800,000 of public works money, to be provided on the 50-50 grant loan program.

Other firms near Red lake have been affected by the sawmill from the beginning of its operation, in terms of increased availability of better-than-average quality lumber (for lumber users), increased work opportunities (for truckers and outside loggers) and increased sales volume (for two nearby general stores). However, no measurable incremental benefits have accrued to these people as a result of the EDA loan. The loan did not cause expanded sawmill operation, and it is extremely difficult to accept the proposition that the mill would not have started again in 1966 without $184,000 of EDA money. Tribal leaders, in fact, indicate that the new mill would have been built irrespective of outside financing. In view of the stability and long experience of profits of the sawmill, a loan could most likely have been obtained by the Reservation from a non-EDA source interested in "bankable" investments. The speed with which the loan was approved was, however, of great benefit to the tribe in its period of anxiety, the rate of interest obtained from EDA was favorable when compared against then current commercial bank rates, and the loan may have saved the Tribal Council about $200,000 in scarce but available funds. In view of the potential and actual benefits to the Red Lake Band resulting from the receipt of this EDA loan, the "hardship" requirements for receipt of such loans by Indian tribes might well be re-evaluated.

Although the sawmill has considerable growth potential, this potential cannot be directly attributable to the EDA loan, nor has the loan increased the potential value of existing natural resources.

The EDA business loan used for the reconstruction of the sawmill was at least influential in the application for, and approval of, the EDA public works grant to the Reservation for the development of an industrial park. (An important purpose of that project was the construction of a water system that could protect the lumber operations centered on the sawmill.)

Comparatively rapid receipt of EDA funds for sawmill reconstruction undoubtedly established EDA as a source of financial support for large projects in the minds of the Red Lake Band. Although no private financing sources were tapped as a direct result of the project, the reestablishment of full scale sawmill operations bolstered work opportunities for logging crews who increasingly rely on SBA and Bemidji bank financing for their trucks and equipment. First National Bank of Bemidji has just over 200 loans out to members of the Band, in addition to $225,000 invested with an SBA guarantee in the Cedar Fence Plant; many of the loans were for pieces of equipment used in lumbering and fishing.

There has been no significant change in the attitudes and actions of the tribal leadership toward economic development which can be attributed to this project. The tribal leadership had a long-standing commitment to the tribally-owned sawmill. The only real change was the establishment of the EDA program tools (of which this project was one of the first examples at Red Lake) as an additional source of development support.

b. Eisen Bros. Furniture Plant, Project No. 06-3-00246, 1967

A New Jersey-based furniture manufacturer, Eisen Brothers Furniture Company, approached EDA in 1965 for a business loan required by them to locate on the Reservation. To investigate the feasibility of the undertaking and the financial strength of the Eisen firm, EDA first decided to conduct a small technical assistance study. (See project description below). Based on the positive results of this study, and a series of negotiations between the firm and the agency, a loan and working capital guarantee was approved in 1967.

Use of the Reservation's timber resources has long been a feature of Red Lake planning. The idea of adding value to the timber through further processing of the wood, while at the same time providing additional Reservation jobs is an attractive one and has been discussed in the OEDP and other pertinent documents. Thus, the furniture plant was given serious consideration. The feasibility study was the first in a long series of studies, meetings and negotiations leading ultimately to the approval by EDA of a $981,500 business loan for the furniture plant in November of 1967. However, the Eisen firm subsequently backed out of the project. The firm was unwilling or unable to come up with its share of working capital, despite approval by EDA in November of 1967 of a $720,000 working capital loan guarantee. In addition, the tribe was beginning to have misgivings about whether this was the right firm for the Reservation. As a result, the working capital loan guarantee for the Eisen Brothers venture was canceled, and the business loan suspended.

3. PLANNING GRANT

a. Reservation Planning Grant, Project No. 06-5-15004, 1968

This area planning grant, funded in June 1968 by EDA for $35,900, was for the purpose of enabling the Red Lake Band to employ a full-time professional staff to evaluate the social and economic problems that confront the Reservation and to provide overall development planning and implementation of a comprehensive program.

The Tribal Council, with the support of BIA, initially decided to apply for the planning grant in early 1969. The application, signed by the Tribal Chairman, was submitted in the Spring of 1968, with grant approval by EDA following rapidly. The total project amounted to $48,875; the Federal government's share was $35,900 (73 percent) with the Reservation supplying its share $12,975 (27 percent) through in-kind contributions of staff ($1,825); consultants ($3,550); travel ($3,500); office space ($3,600); and printing ($500). These in-kind contributions proved to be largely fictional, however.

Two planners were expected to be hired through the use of EDA planning grant funds. The senior planner was then expected to expand the activity to a professional planning staff of eight, including three trainees, to be funded by EDA, HUD and OEO, with a total planning budget approaching $200,000.

The Tribal Council hired Bill Lawrence for the job of executive director of the planning effort. Lawrence is a young Indian of the Red Lake Band; he has had some training in law school and "living experience" on the Reservation but no formal planning training or professional experience. Basic differences in the perception of planning responsibility and development strategy soon developed between the Council and Lawrence. These differences were exacerbated by the ever-present tribal politics. Jourdain felt that the Tribal Council was responsible for tribal affairs and should not delegate policy decisions which affect tribal welfare. The planner wanted to make binding decisions for the tribe. There were also major differences between the Chairman and the planner concerning the type of industry to attract to the Reservation.

The result of these differences was that the planning staff was not given duties or responsibilities by the Council, and it carried out activities in spite of, or outside of, the interests of the Council. The Tribal Council decided that Lawrence was "not the man for the job " and allowed the project to lapse after nine months, in June, 1969. Some $20,000 of EDA funds was actually disbursed during this period.

Lawrence himself felt that the nine months were "stagnant." There was some output, however. Although no actual *planning* documents were produced, the 1969 OEDP and Area Action Plan were updated and improved. Unsuccessful proposals were developed for EDA technical assistance for a shopping center feasibility study and for EDA public works assistance for a Red Lake Training Center. A successful proposal was written for an SBA loan for a laundromat operation. In addition, some economic statistics and tribal information were collected and compiled.

The technical assistance proposal for a shopping center feasibility study was submitted in January of 1969; it was rejected because shopping centers were then ineligible for EDA financial assistance. The training center proposal never jelled because of difficulty in securing tribal share funds (25 percent of $315,000). The Red Lake Laundromat, owned by Bill Brun and financed by a $20,000 SBA loan, is largely attributable to Bill Lawrence.

The planning staff did attempt to attract industries and business to Red Lake. Several conversations were held with a mattress and bedding manufacturer in Minnesota. The Council questions the company's motives, however, and is very hesitant about "selling cheap labor" to an outside exploiter.

Formalized planning will not work on Red Lake Reservation unless it is done within the context of Tribal Council hegemony. The Council appears to take its constitutional and traditional responsibilities for policy-making and tribal welfare seriously. It is not clear exactly what was expected of the planner, but it is clear that his stated function (". . . to provide overall development planning and implementation . . .") was only to be performed insofar as it was consistent with Tribal Council objectives and priorities.

Implicit in this fact is that "planning" in a general sense has been performed by the Tribal Council. Roger Jourdain and other members have a strong sense of the Red Lake problems, needs, and priorities, and Jourdain's rather consistent espousal of a policy based on the Council's perceptions has given considerable continuity to the last 11 years at Red Lake.

4. TECHNICAL ASSISTANCE PROJECTS

a. Furniture Plant Feasibility, Project No. 06-6-09009, 1966

This technical assistance study, approved by EDA in February of 1966, consisted of a $3,000 grant for the purpose of investigating an applicant for an EDA business loan. The study, conducted by the firm of Ernst and Ernst, investigated the feasibility of the establishment of a branch plant of Eisen Brothers, Inc., a furniture manufacturer, on the Red Lake Indian Reservation. The operations and the financial strength of the Eisen firm were investigated, as well as its commitment to the project. Eisen, by its application for an EDA business loan in 1965, had initiated what would become four years of negotiations regarding the establishment of the furniture plant.

The files on the technical assistance study have been forwarded to EDA's archives and were unavailable for consultation. However, the following data regarding this project were obtained:

The technical assistance project appears to have been conceived by EDA in 1965, in response to the application by the Eisen firm for a business loan. The project was approved in 1966. It was EDA who made the selection of Ernst and Ernst to conduct the study; the tribe played a very minimal role in the investigation of the Eisen Brothers Furniture Company or in the negotiations with the firm.

The report prepared by Ernst and Ernst has never been seen by the tribe. It apparently approved the business loan to the Eisen Brothers Furniture Company, since the business loan negotiations intensified subsequently. The study was completed in 1966.

These projects appear to have had no visible impact on the Reservation. Although the business loan was ultimately approved, the Eisen frim located elsewhere. Intra-tribal debate over the merits of this firm was often intense, and the memory of the negotiations is vivid in the memories of Tribal leaders. (See discussion of business loan above).

5. Cedar Fence Plant Study

1) Operations Study, Project No. 06-6-09255, 1969
2) Supplement, Project No. 06-6-09255-01, 1970

The purpose of this project was to improve the apparently unprofitable operations of the tribally-owned Red Lake Chippewa Cedar Fence Plant by acquiring management assistance from a local accounting firm. An EDA purchase order for $2,500 was approved for this purpose in October of 1969; this was followed by a second purchase order for an additional $2,500 in 1970 to expand the study. An outside accountant (from Thief River Falls) was selected by the Tribe to (a) review operations since the management of the fence plant was taken over by the tribe in 1968, (b) design and install a production record and cost system, and (c) analyze operating deficiencies and recommend corrective measures. The results of this project were less a study than the development of plant organization and management procedures and an accounting information system which would permit improved performance.

The work accomplished under the first purchase order included a preliminary review, establishment of cost accounting records, preparation of a reorganization plan, training of a bookkeeper, monitoring of a one month trial run, preparation of financial statements, and management counseling. Since the work was not completed within the amount of time allotted by the first contract, a follow-on was approved in 1970 which is still underway.

The Cedar Fence Plant is an important part of the tribe's plan to develop their forest resources. It is clearly consistent with that goal and with the goal of providing jobs for tribal members. Habitant,Inc., the previous operator of the plant, had been prompted by declining production and unsatisfactory profit performance to leave Red Lake in 1968. The tribe took over the plant at that time, and the Tribal Council has expressed a keen interest in the fate of the operation. In fact, the tribe has invested $29,000 in cash in the plant; the First National Bank of Bemidji has participated with SBA for $125,000 more. Delinquent payments on the first $25,000 note and evident confusion at the plant prompted the call for management assistance by the Tribal Council. Although the application for the technical assistance grant used some accounting language, the contracting firm was, in fact, called in to solve whatever operations problems it might discover.

Roger Jourdain, the Tribal Chairman, made the initial request for a technical assistance purchase order from EDA in September, 1969. The consultant was chosen at that time, although the purchase order was not approved until the end of October, 1969. Bob Poissant, of Holcomb, Knudson and Company, an accounting firm with offices in Thief River Falls, conducted the study. Poissant, a CPA and one of the partners of the firm, had done accounting work for the tribe for several months prior to the project, and his firm has been known to the tribe for some time. Thus, the tribe themselves selected the accountant to perform the study and have continued to play an active and supportive role as Poissant conducts his analysis and makes his recommendations. The tribe initiated the request for a follow-on purchase order, when it became apparent that more work was needed.

The project resulted in a final report whose value lies not so much in its words as in the activities which it describes. The mandate was to provide management and accounting assistance to a troubled business; the final report simply summarizes the work done in this regard. The work plan described in the final report appears sound and well conceived, and it appears to have been diligently carried out. The outline of the analysis process and work program is clear.

The Red Lake Chippewa Cedar Fence Plant, Inc., provides roughly 20 jobs to members of the Band. However, these jobs cannot be attributed to the EDA technical assistance project. The plant would have undoubtedly been carried by the Tribal Council at deficit operations, in view of the jobs it provides.

Indian assumption of managerial positions has been encouraged in the plant, but the plant environment is such that the skills necessary to assume greater managerial responsibility are difficult to acquire. The Tribal Council has gained a greater appreciation of the difficulties inherent in exercising responsibility for an economic enterprise, since taking the plant over from the previous owner, and the cooperation extended Poissant in his work indicates a basic appreciation of the importance of competent managerial direction, whether white or Indian. The Tribal Council is clearly more interested in a profitable venture, with its promise of expanding job opportunities, than in Indian management per se.

The cedar fence plant appears to have good-to-excellent growth prospects based on conversations at the Reservation. A Texas company has made a commitment to absorb 50 percent of the firm's production, and the Eastern market for a wide variety of cedar cut-stock and posts and other cedar wood products appears to be expanding. The supply of cedar on the Reservation is also vast, with one source claiming that production at present levels is not even keeping pace with timber growth. Any constraint on growth is apparently at the plant itself.

The First National Bank of Bemidji has invested $125,000 into the cedar fence plant. At the time of the field visit, extension of another $100,000 loan was being consummated. This additional equipment loan would clearly not have been considered without SBA backing, the management assistance extended by Poissant, and provision of working capital by BIA. The tribe itself has invested $29,000 of its own capital into the cedar fence plant.

The change in the plant's profit picture is a direct result of the EDA technical assistance. The plant moved from an operating situation which had produced a direct $70,000 loss in a year (based on financial statements prepared by Poissant without audit) or $6,000 per month, to an operation which yielded a $2,050 monthly profit in January, 1971, as a result of Poissant's work. This improvement may be the best estimate of income change attributable to the project.

The cedar fence plant's improved financial picture, however, has not persisted. Although there is an absence of detailed financial data, information from Jourdain, the bank, and the consultant all indicate a renewed downward trend. At the present, much of the planning concerning the plant is marking time until new equipment financed by the Bemidji bank is received.

Noticeable changes have occurred in the availability of financial assistance to the Reservation due to this technical assistance project. The project is largely responsible for the acquisition of $30,000 of working capital from BIA and will be directly responsible for the receipt of an additional $100,000 from the bank (with an SBA guarantee) for new equipment. The willingness of the tribe to invest more money and management assistance in the plant appears to have strengthened the banking relationship between the Red Lake Band and the First National Bank of Bemidji. Future incremental income flows will result from the technical assistance project and from the additional bank and BIA financing; however, it is not possible at this time to project the amount of such future income flows.

The Red Lake Tribal Council has been enthusiastic about economic development for a long time. What has changed as a result of this project is its appreciation of the importance of management skills to its business development plans. At least two members of the Tribal Council admitted that it had been instructive to see the relationship between the management study, the improved performance, the consequent increase in bank/SBA interest, the BIA working capital, and the additional bank financing.

The manager of the cedar fence plant is considered to have improved his management skills significantly as a result of this technical assistance project. In addition, two new bookkeepers have been trained by Poissant under the project, and the original one is considered "well qualified" by the bank. Although the production skill level of the employees of the plant have not changed significantly, their performance level has increased markedly.

6. Forest Products Feasibility Study, 1970, Project No. 06-6-09256

This project consists of a $25,000 grant made by EDA in May of 1970 for the purpose of determining the feasibility of additional forest industries on the Reservation. The contract was awarded to the Mater Engineering Company for a one year study.

The Reservation's forested area is its major natural resource and also the one showing the greatest potential for development. The forest industry is the major employer on the Reservation. The objective of this technical assistance study is to determine the feasibility of the establishment of additional forest industries in order to fully utilize the Reservation's forest resources in creating new, permanent employment. The study is to consider the addition of possible primary processing facilities, i.e., small saw-log mill and complementary manufacturing facilities, such as a dimension stock plant or pallet plant. It is hoped that this study will result in the creation of over 100 new jobs in forest related industries.

The $25,000 technical assistance grant was approved by EDA in early 1970, and a draft of the resulting study has just been completed. The entire draft was not available for review during the site visit. It is clear, however, that the study is timely and of potentially high value.

No impact has as yet accrued from the project.

7. Industrial Locations Study, 1970, Project No. 06-6-09207

This proposed technical assistance study was funded for $10,000 by EDA in 1970, for the purpose of attempting to find and locate an industry at Red Lake which would be related to the existing timber resources and operations. The study was to be conducted by the consulting firm of Thomas Miner and Associates.

Funding of this project was delayed awaiting completion of EDA Technical Assistance Project 06-6-09256, the forest products feasibility study. However, since the two studies would be pursuing many of the same objectives, a decision was made to delay and then to cancel this industrial location study.

RESERVATION REPORT

ROSEBUD, SOUTH DAKOTA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Rosebud Sioux Reservation is located on the southern border of South Dakota, west of the Missouri River and east of the Pine Ridge Indian Reservation. Pierre, South Dakota lies 112 miles north of tribal headquarters. The Rosebud Reservation has a general shortage of exploitable natural resources other than its grazing and crop lands, but it has pursued an active policy of community and industrial development in recent years and is currently employing over 100 Reservation people in industrial enterprises. Living conditions for the 7200 Indians living on the Reservation remain difficult, however, and unemployment levels hover around the 50 percent level.

EDA participation in Rosebud development has been sizable. Five public works projects have been approved and constructed and a sixth one approved. These projects have dealt with road construction, industrial park development, building renewal, and airport construction. A business loan project has also been approved though not consummated, and a technical assistance feasibility study has been completed. Planning grants have been funded by EDA since 1967, though the planning director's slot is currently vacant.

The direct impact in terms of jobs and income from these projects has thus far been minor. The industrial park and one building are empty, the airport has no Indian employees, the "feasible" project recommended by the study was never started, and coordinated planning is not currently in evidence. The paved access roads leading to the three existing industries at Antelope Industrial Park have been widely appreciated and are responsible for protecting some wages and permitting some shipments during periods of bad weather. The EDA projects have been responsible, however, for creating new physical infrastructure capable of being used for tribal development. Considerable exploration of possible industrial opportunities induced by EDA projects has also led to a wider tribal knowledge of exploitable resources.

2. Conclusions

Discounting the de-obligated business loan project, EDA has spent a total of $411,379 in grants and $45,062 in public works loans for seven projects on the Rosebud Reservation. An additional $51,500 in a public works grant and $32,500 in a public works loan has been approved but not disbursed for the construction of a new facility. The total job and income impact attributable to these projects thus far amounts to about $35,000, all of which is credited to a single public works project (access road).

EDA has made a moderately high contribution to the economic development potential of the Reservation. The major portion of this improvement in development potential has been in the form of new local infrastructure, with an industrial park and an airport representing significant new facilities for the development of the local economy. EDA projects, particularly the planning grant, have had a notable effect on tribal leadership as well.

Rosebud is one of the few Reservations which has received approval of applications for support from each of the EDA program tools. The approved business loan for $520,000 has recently been de-obligated at the tribe's request however, and the technical assistance in the form of a feasibility study has had no discernible effect on the Rosebud Reservation. The relatively heavy use of the public works and planning program tools appears to accurately

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reflect the state of development of the Rosebud Reservation and the priorities of its people. In particular, the planning grant placed heavy emphasis on community development in accordance with the express desires of the tribe, and economic development activities were concerned primarily with acquiring the infrastructure presumed to be attractive to industry and with actively pursuing candidates for industrial plant location. A period of heavy development activity partially supported by the EDA planning grant during the period 1966 through 1968 markedly changed community living conditions but does not appear to have included the formulation of an economic development strategy based on a realistic assessment of Reservation resources and capabilities.

Rosebud development activity is currently at a low ebb in what some observers term a reaction to or retrenchment from the apparent excesses of the previous tribal administration. Completed EDA projects have not produced the immediate jobs which the tribal members had hoped for. Furthermore, the tribe has been unable to successfully lay any tangible subsequent groundwork for bringing future jobs to the Reservation. This disparity between the anticipated and actual benefits related to several EDA projects is a contributory factor in the disenchantment with the program on the Reservation, despite the amount of its past activity.

There is an acknowledged need for expanded economic opportunity on the Rosebud Reservation, and improved community living facilities may now allow higher tribal priority to be placed on economic development. EDA has provided funding support for several useful projects, but it is not clear that development support has been systematically related to the realistic attainment of jobs and income for Indian people. The apparent success of light manufacturing operations at the Antelope Industrial Park on the Reservation has indicated that Indian workers are capable despite the obvious difficulties of adjusting to factory work involving a systematic production process, but this example should not stereotype future job development efforts by tribal and government officials. The necessary development component which is in short supply at Rosebud is skilled enterprise management, and the Reservation can support very few more business enterprises without wholesale use of outside management. Also, little current thought seems to be given to the development of the land, the most abundant Reservation asset, as a means to improved economic conditions for the tribe.

The current tribal administration has apparently won for itself a reputation for honesty and morality among the Reservation people and their friends. These traits appear to be rather widely respected on the Reservation and provide an important element in the current leadership posture. But leadership for development also requires an ability to pull together all the elements of the tribe and to imbue the people with aspiration to help themselves. There is little sense of motion and progress at Rosebud today, and an undercurrent of frustration and disillusionment exists among some of its people. There appears to be a large amount of potential energy waiting to be unleashed at Rosebud if the Reservation leaders can provide the necessary inspiration and coordination.

The Rosebud tribe has experienced some difficulties with the EDA application process, but close inspection indicates that most of the difficulties stemmed form untimely or inadequate attention by tribal officials to the necessary forms. The overriding need of the Rosebud tribe is not for more money or faster agency processing of applications but for more assistance to tribal officials in developing resource data and community priorities and in formulating development plans which, if funded, will make a difference in the future of the economic health of the tribe.

3. Recommendations

The Rosebud Sioux have seen considerable improvement in their living conditions over the past five years. Their community development program, which was focused with the aid of the EDA planning grant, has had great impact on the physical and social environment of the Reservation. In contrast to this progress in the area of community development, few of the recent efforts to gain improved economic opportunities for the Rosebud Sioux have reached fruition. This situation is partly explained by the higher priority placed by the tribe itself on community development and by the greater relative difficulty in developing projects which yield economic, rather than social, return on Indian reservations. These opportunities may not be of the type and magnitude of those to which most attention has been given in the past, namely in the manufacturing sector. They must be based on the real assets which the tribe and its resources have to offer as well as on well-defined needs of the market place.

Tribal leaders express a readiness to accept the skill and experience of non-Indian advisors in economic development. This receptivity to outside assistance appears to be in keeping with the great needs and relative inexperience which exist at Rosebud, but there is no apparent program for creating the Indian development managers on the Reservation who are even now needed to ascertain needs, monitor outside consultants, and generally ensure that development is in line with real Indian objectives. Potentially capable young Rosebud men find it difficult to learn anything but grantsmanship on the Reservation and are usually unable to share useful knowledge acquired elsewhere in such a way that it can make a difference at home. Rosebud badly needs the enthusiasm and skills which educated and experienced young Indians could bring to the development process, and mechanisms need to be developed to groom capable ones for future tribal leadership. A useful element in such a process would be the assignment of specific responsibilities (task forces, field trips, inter-agency development projects) to young people by the Tribal Council, with defined objectives and adequate authority to achieve them and with accountability to the Tribal Council. Non-Indian advisors would play an important role in this process, but in so doing they would be hastening the self-sufficiency of Indian leadership.

In the meantime, better management assistance is needed for individual businesses, agency funding programs, and the overall Rosebud development process. There is a clear need for basic business counseling for the recipients of loans from SBA's reservation program and grants from BIA's equally useful 40 percent grant program. Support for a one or two man accounting and financial management team could quite consistently come from the Tribal Council, since it has traditionally assumed responsibility for the provision of needed services to tribal members. Such a project could probably be justified for government support, however, given the large number (about 25) of SBA loan and BIA grant recipients presently running enterprises on the Reservation. Such a team would also be useful to Farmer's Home Administration loan recipients and could play a vital role in the large Rosebud credit union and in consumer programs as well.

It is recommended that the Rosebud Sioux consider the following actions in the formulation of their development plans:

1. The need for a sound economic base study which analyzes the resources and problems characterizing the Reservation and makes well-supported recommendations for development strategy and projects is apparent. Existing Reservation planning documents are of almost no value as a guide to the formulation of realistic growth strategies, and early acquisition of a sound economic base study or resource analysis is highly recommended.

2. To this analysis of the resources and advantages which the Rosebud Reservation has to offer must be added the setting of priorities to guide resource allocation. The dormant OEDP committee may be a means to this end, but a technique that might work in view of the community development progress and consequent social cohesion is the establishment of local planning or development commissions capable of representing individual constituencies to the aforementioned tribal development staff and to the Tribal Council. Such a technique is working well at other similar reservations in mobilizing popular development support and in establishing Reservation-wide priorities.

3. A small team of business management specialists could play an important role in the development plans of individual businessmen and of larger tribal enterprises. Competent professionals from the region should be hired on a continuing basis to act as counselors to various Reservation groups. Tribal Councils at other reservations have found this form of assistance to be increasingly valuable as mutual trust develops over time.

4. The proximity of Interstate 90 to the Rosebud Reservation is one of the major development "resources" available. A small and inexpensive booth or display at the Murdo exit, manned during the tourist season and stocked with handicrafts, pictures of Ghost Hawk Park and other Rosebud attractions, maps for a Rosebud Sioux "trail", and other items of interest for the tourist, would earn revenue in its own right and might deflect some travelers into the Reservation. Free refreshments might be offered in the midst of Rosebud wares and attractions so as to attract the maximum number of travelers, with the booth partially supported by the tribe and reservation merchants out of the increased revenues generated. Such a venture would offer an opportunity to re-establish a relationship based on mutual benefit between non-Indian people and the tribe.

B. SETTING AND BACKGROUND

1. Location

The Rosebud Sioux Reservation is in southcentral South Dakota between the Missouri River on the east, the Nebraska border on the south, the Pine Ridge Reservation on the west, and the White River on the north. The Reservation boundaries encompass over 3.46 million acres, of which about 1 million acres located predominantly in Todd County is Indian Trust land. Pierre, South Dakota, is 112 miles north of the tribal headquarters at Rosebud, and Sioux Falls and Rapid City are about 250 miles to the east and west respectively. The Reservation is traversed from east to west by U.S. Highway 18; Interstate 90 parallels 18 just to the north of the Reservation. Two paved highways cross the Reservations from north to south. A branch line of the Chicago and Northwestern Railroad serves the eastern Reservation town of Winner, and another line serves Murdo 50 miles to the north of Rosebud. Commercial airlines serve the South Dakota capitol of Pierre.

2. History

The Rosebud Sioux are descended from the bands of Teton Sioux Indians which moved into the Dakotas from the East in the 18th and 19th centuries. The Tetons were originally of the woodland culture, with an economy based on hunting, fishing, and some horticulture, but as they moved West the people adapted to the spaces with horses and a more nomadic existence. Traditionally a warlike tribe, the Sioux fought other tribes for the best buffalo and grazing lands. It was not until the white immigrants and settlers began to decimate the buffalo herds that the Sioux made war on the whites, however. The U.S. government intervened shortly after the outbreak of full scale hostilities and established the first of several peace treaties, but repeated fighting led to the relegation of the various Sioux Tribes to individual reservations by 1890. The large Rosebud Reservation was reduced in size in the early 1900s by the sale of land under the Homestead Act. The concentration of the Sioux people in the poorer agricultural lands in the western portions of the Reservation was reinforced at this time by the ceding of all portions of the area other than Todd County to the government for further sale, with payment deposited in trust with the government. Todd County still comprises the Diminished Reservation, or "closed confines" of the Reservation, although some of the remainder of the four county area is back in trust status. An agricultural economy was quickly developed by the new settlers, and further segregation of Indians and whites was brought on by the use of increasing amounts of land previously used for subsistence by Rosebud Indian bands for wheat and cattle production.

The more recent history of the entire four county area is characterized by lessening opportunities in agriculture and by locally heavy outmigration. Indian birth rates are higher than those of their white counterparts, however, and the combination of a growing Indian population and the first stirrings of economic and social development in the Indian communities is beginning to enhance the status of the Rosebud Sioux in their traditional homeland.

3. Resources and Economy

Natural resources in the Rosebud Sioux Reservation consist primarily of the soil and extensive grasslands. The four county area is extensively agricultural, and over 95 percent of all Reservation land is in farmland or grazing tracts. The area has recreational potential as well, for its Indian Trust land regions are steeped in Indian culture and history and include many beautiful scenic sites within easy side-trip distance of the main Reservation highways and of Interstate 90. Another resource whose value has been tested in operation is the manual dexterity and industriousness of the Indian labor force in industrial assembly and fabricating activities.

The land is the focus of economic activity throughout the Reservation and the State of South Dakota. Livestock and winter wheat are the most important crops raised on the land. The four Reservation counties produce more than their proportionate share, by land area, of the state's wheat, cattle, alfalfa, hay, and sorghum. It is significant, however, that only a small portion of the agricultural production is raised on land owned, and even less on lands operated, by Indians. The two eastern counties with the bulk of non-trust lands and white population saw the value of their agricultural production rise by 39 percent between 1959 and 1964, while the production on the more heavily Indian-populated lands in the western counties fell by 10 percent in the same period. And only 25 percent of the $7.2 million of crops and livestock raised on all Indian Trust lands in 1967 (out of a total of almost $40 million on the whole Reservation) was produced on farms or ranches actually operated by Indians. This Indian production was almost entirely in cattle and other livestock. A 17 square mile tribal ranch near Rosebud is currently attempting to teach better ranching practices and to increase the production of feedlot cattle throughout the Indian communities.

The recreation potential of the Reservation lands, particularly the Indian trust land concentrated in Todd County, appears considerable. A year-round stream, the Little White River, and rugged topography with stands of hardwood and conifers have already established a reputation with thousands of tourists annually. The rodeo arena outside of Rosebud is only one of many on the Reservation,and buffalo herds are currently raised near the Resvation. Summer pow-wows and religious ceremonies of the Sioux have proven attractive to tourists for many years. These features of the Reservation may prove to be exploitable assets for the Sioux in view of the increasingly heavy tourist traffic expected along Interstate 90 and the not inconsiderable traffic along U.S. Highway 18 through the Reservation. The proximity of Rosebud to Mount Rushmore suggests added promotional potential.

The tribal administration which held office to December 1969 emphasized industrial development in its program, and several actions were taken during the late 1960s to pave the way for industrial development. Two industrial parks, an airport, and an attractive 35' x 70' building currently are available for industrial use. Of perhaps greater importance, a capable work force is employed in two assembly operations and has begun to develop the skills and to demonstrate an attitude toward work without which industrial development is impossible. Growing use is also made of the Small Business Administration program and of the Bureau of Indian Affairs 40 percent grant program for the purpose of small business development.

The Reservation economy which has developed around these resources is grounded in agricultural activity, with a heavy layer of governmental program support and a small but important industrial/commercial sector. The Todd County towns of Mission and Rosebud, with populations of about 1,000 and 600 respectively, are the primary commercial centers for the heavy Indian concentration in the west, while the larger towns of Winner (3,600) and Gregory (1,600) in Tripp and Gregory counties to the east are agricultural market centers for their predominantly white populations. Economic activity differs considerably among the four Reservation counties. Although agriculture represents the most important source of income in all counties, "government" sources provided about 20 percent of total income in Todd County, the population of which was about 60 percent Indian in 1960, and only 7 percent of total income in populous Tripp county with less than 6 percent Indians.

The extent of the government support of the Rosebud Indian population is evidenced by the fact that the OEO Community Action Agency and the Rosebud BIA agency are together funded for more than $4 million annually. Large Federal outlays for housing (917 units), industrial infrastructure, and health facilities have been made in the last five years as well.

The Rosebud CAP continues to be the largest employer of Reservation Indians. Considerable individual and tribal income also derives from farming and grazing leases on Indian land; the Tribal Council currently receives about $300,000 per year from such leases, from trust fund interest, and from incidental sources. Other important non-agricultural sources of employment for the Rosebud Sioux include Rosebud Electronics Co., a cable harness assembly plant currently employing about 80 people, Rosebud Manufacturing Co., with 31 employees, the Public Health Service hospital, and the several projects of the Rosebud Housing Authority.

Suitable employment opportunities are insufficient for the approximately 1,850 Reservation Indians in the labor force, however, and unemployment fluctuate around the 50 percent level depending upon the agricultural season. Median family income in heavily Indian-populated Todd County was less than half that in Tripp County in 1960, and though later figures are not yet available, the situation is substantially unchanged according to BIA sources.

4. Tribal Government

The official governing body of the Rosebud Sioux is the Tribal Council, composed of 22 members elected from among the 21 administrative districts of the Reservation. Tribal officers are selected by the Council from among members or non-members for a two-year period. The Council and its officers derive their powers from the constitution and by-laws of the Rosebud Tribe approved in 1935, and from a corporate charter ratified in 1937

The tribal government exercises legal jurisdiction throughout the "closed confines" of the Reservation, consisting of Todd County, and partial jurisdiction throughout the remainder of the Reservation. The vast majority of Indian Trust land is held within this "closed confines" area. County government functions for Todd County are actually performed at Winner, the county seat of adjacent Tripp County.

The present tribal administration is headed by Webster Two Hawk who has been in office since December 1969. Two Hawk is simultaneously acting as president of the United Sioux Tribes and as an Indian leader of national stature. Marked friction exists between the present administration and that of previous Tribal Chairman Cato Valandra, and Rosebud development activity has been cautious and minimal in an effort to avoid alleged excesses of the previous administration.

5. Community Development

The Rosebud Sioux have been one of the most active tribes in the nation in recent years in securing better living conditions for its members. Considerable support has been received from a wide variety of governmental agencies for housing, community facilities, schools, and other needed facilities. Rosebud has also had one of the largest Community Action Agencies and BIA agencies in the country in recent years.

The Rosebud housing program has been one of the most extensive in the country. Several different programs have been employed to construct 917 units of housing during the 1960s, including a Public Housing Authority low rent program for 92 units, a Mutual Self-Help program for 50, and a Turnkey III program for 400 units. One of the most significant Reservation development activities was the coordination in 1966-1968 of the resources of five governmental agencies towards the construction of 375 units of "transitional housing" in the Rosebud area. Reservation personnel put together and ran the greatly appreciated $2 million program, and a large number of Indian men developed construction and carpentry skills during the effort. Community development efforts have recently concentrated on the improvement of living conditions in the several Reservation communities. A current priority is on the construction of improved roads to all the Indian communities. HUD has recently allocated $3.7 million for street curbs and gutters. The erection of new homes has spurred the placing of considerable water and sewer facilities by the Public Health Service; almost $400,000 was spent for these utilities during the transitional housing program alone.

Health care for Rosebud Indians is provided by the Public Health Service and by OEO's health aids and sanitation program. PHS operates the 48-bed Rosebud hospital and a field health station at White River. Three hospitals operate in the other Reservation counties. The Mission Airport charter service provides airlift capabilities for emergency patients. Reservation educational responsibility is shared between the BIA and the several county school districts.

Educational activity in Todd County centers on the new Todd County School in Mission. Boarding and day students in grades 1-12 are taught in the large and attractive new facility. Other reservation towns have elementary schools, and Head Start programs currently operate in each of the Indian communities. OEO also conducts programs in Teacher's Aid, Summer Youth, Student Center, and Adult Education. A current educational deficiency is in Todd County vocational training. The median education level of Todd County citizens is slightly lower than the Reservation-wide median of 9.0 years of school(1967).

The Rosebud OEO Community Action Agency is credited by many observers with providing the impetus to Reservation development in the mid 1960s, and several of its programs are widely favored among the Indian population. The agency has large programs in emergency food, special school aid, community organization, and direct employment and administers the Rosebud programs in Headstart, Follow Through, Operation Mainstream, and the Neighborhood Youth Corps. Its current annual budget is $1.7 million.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Rosebud Reservation:

Type and Nature of Project	Project No.	Date	Funding Grant	 Loan
1. PUBLIC WORKS PROJECTS				
a. Administration Bldg. (#76)	06-1-00253	1967	$ 40,000	
b. St. Francis Industrial Park	06-1-00580	1968	72,000	$ 18,000
c. Antelope Access Roads	06-1-00641	1968	55,500	
d. Skill Center Bldg. (#75)	06-1-00651	1968	28,800	
e. Mission Airport	06-2-00607	1969	50,443	27,062
f. Multi-purpose Bldg.	06-1-00758	1969	51,500	32,500
TOTAL APPROVED			$298,243	$ 77,562
2. BUSINESS LOAN				
a. First American Foods	06-3-00742	1970		$520,000 (deobligated)
3. TECHNICAL ASSISTANCE PROJECT				
a. Wood Products Study	06-6-09176	1968	$ 33,000	
4. PLANNING GRANT				
a. Administrative Planning Grant				
1) 15 Month Planning Grant	06-5-15001	1968	$ 48,720	
2) 15 Month Planning Grant	06-5-15001-01	1969	42,816	
3) 12 Month Planning Grant	06-5-15001-02	1971	40,100	
TOTAL APPROVED			$462,879	$ 77,562

Detailed project-by-project descriptions and analyses follow.

1. PUBLIC WORKS PROJECTS

a. Administration Building No. 76, Project No. 06-1-00253, 1967

The refurbishing of an administrative headquarters for a major Reservati housing project was the first tangible EDA contribution to Rosebud development. Reservation leaders had put the resources of four other agencies together for a $2 million housing project, and a suitable headquarters for the program administration staff was needed for more effective coordination. A project application was submitted to EDA in September, 1966, for the rebuilding of an existing pump house at Rosebud and was approved in November in the amount of $40,000 of grant funds. The project was appraised at $10,000 to make up the local in-kind contribution. The building was rushed to completion in less than two months, but delays in the subsequent project inspection and audit did not open it for use until March 1967.

The building has been used for three different purposes during the past four years. The administrative staff of the transitional housing program, consisting of 11 field construction supervisors, administrators, and community development specialists, used the refurbished building for most of 1967. The CAP Community Development program operated out of the building for several months, and then in 1968 the Rosebud Legal Services program, directed by Bill Janklow, began its current occupancy of the facility. The Legal Services staff of five attorneys and three clerical workers is crowded, however, and the program may move to larger quarters if they become available.

The building has apparently proven useful to all its occupants, but it is difficult to attribute new jobs to the EDA project which refurbished it. Rumor has it that two or three Indians were employed in menial labor during about one month of the rehabilitation, but no evidence was uncovered. All the occupants of the building have been on the payrolls of programs whose existence was not contingent upon the building's existence, and no evidence of incremental program payrolls attributable to increased space was uncovered. The attribution of job creation to a new work space is liable to be tenuous at best.

The service impact of Building #76 has been moderately high, however. The director of the transitional housing program claims that the facility rendered the coordination job considerably easier, and the building appears well suited for its present legal staff. A particularly noteworthy type of impact attributable to the Building #76 project is its establishment of EDA as a significant source of development funding support.

Building #76 and the adjacent building #75, currently empty, could together serve as a small educational facility or production facility in the years ahead, since they are close together, front on a good road in a population center, and have access to adjacent storage or warehouse space. A much-needed vocational training center would be an ideal use for the two facility sites.

b. St. Francis Industrial Park, Project No. 06-1-00580, 1968

The long (and unconsummated) courtship of First American Foods by the Rosebud Sioux began at least as early as 1966, and tribal leaders saw an industrial park as being a necessary device for attracting the outside investors to the Reservation. The small town of St. Francis, with its heavily Indian population and strong need of productive employment, was chosen as the site for the park, and an application was submitted for an EDA public works grant in April of 1967. The original site of 17 acres was deemed unnecessarily large, and a park of 4.6 acres was approved for construction in August. EDA approved a public works grant of $72,000 and loan of $18,000 for 15 years at 4½ percent interest per annum. Construction of the sewers, lagoon, well and water system (connected with that of St. Francis), roads, and gutters began soon after, and the bulk of the work was finished in the spring of 1968. In the absence of a pressing need to complete the park and in the face of payment difficulties with

EDA, however, final touches were not completed until the summer of 1969. No site maintenance is currently taking place, and erosion is already beginning to undo the work on the roads and gutters on the St. Francis hilltop location.

No tenants have used the park and none are imminent at this time, although many observers feel that the park was a necessary (though insufficient) condition for attracting the sponsors of First American Foods to Rosebud. The impact of the project on Reservation Indians has been neutral thus far, although there was a noted increase in St. Francis development aspirations for several months after park completion. Tribal leadership allegedly feels unable to vigorously market the park until the situation with the food project, for which an EDA business loan was approved, is resolved. The St. Francis industrial park represents an important piece of potential infrastructure in the meantime.

c. Antelope Access Roads, Project No. 06-1-00641, 1968

The one area of tribal industrial activity on the Rosebud Reservation is found in the Antelope industrial park just to the east of Mission. The park is little more than a former army compound, consisting of barracks and quarters ringing a parade ground, which has until 1970 been used primarily as an Indian boarding school. The deteriorating site is nonetheless the home of Rosebud Electronics Company, the largest Indian-owned industry on the Reservation, and of Rosebud Manufacturing Company and Rosebud Sign Techniques. Other users of the facility include an OEO-CAP emergency food distribution center, a Headstart program, a Rosebud housing program administration center, and several dwellers including two Mormon missionaries.

The heavy use of the two short (less than one mile) dirt roads leading to the Antelope park and their virtual impassibility after particularly heavy precipitation prompted an application to EDA for road surfacing funds in March 1968. The 20 percent local share was to be furnished in the form of gravel from a nearby site. The application for $51,500 in public works grant funds was approved by EDA in May 1968, and work commenced almost immediately so as to take advantage of the favorable seasonal weather. The contractor, Sandhills Construction Company of Nebraska, apparently performed to specifications, but the inadequacy of the sealing was apparent, and he was asked to redo part of the work. The contractor refused until he had received progress payments allegedly held up by the problem of administrative processing at the tribal level and by the fact that the tribe's gravel at delivered value failed to cover its share of project costs. The road deteriorated somewhat before another contractor was hired to complete the work. EDA subsequently processed and approved a supplementary grant of $4,000 to cover its share of the project overrun, and final payment is claimed to have been made to the contractors in October of 1970. The final estimated value of the contributions to the project is $55,000 in EDA public works grant funds and $13,192 in cash and gravel from the Rosebud Tribe.

The total impact of the road has been high. It is undoubtedly protecting the jobs of over 100 employees in the park by providing all-weather access to their jobs, although it is difficult to measure the incremental income going to Indian workers as a direct result of the road. An interesting effect of the road is that its construction seems to have cut the number of excuses for missing work during the winter and rainy months. The road has also made the loading of outgoing shipments considerably easier, although the trucks serving Rosebud Manufacturing must still negotiate a sea of snow or mud to reach the road over 50 yards away. Additional users of at least part of the road include the inhabitants of 120 homes on streets branching off from the road and several dwellers in old industrial park buildings, so that the service impact of the road is also significant. A multi-purpose building to be used by Rosebud Electronics or another major tenant may be built in the near future at Antelope industrial park, enlarging the potential road usage by about 45 persons.

The Antelope road project appears to have been both highly useful and much appreciated. It is a contributory, though not crucial, factor in the success of the Antelope industrial park tenants. Current and projected activity at the park appears to mark it as the one natural growth center in Todd County, and completion of the multi-purpose facility, the repaving of the now deteriorating road, and rehabilitation of the old buildings at the complex would further enhance the site's potential.

d. Skill Center Building No. 75, Project No. 06-1-00651, 1968

A former livestock stable was converted to an attractive 35' x 70' stone building for use as a skill training center by this project. The building had initially been envisioned as a companion facility for Building #76 in the transitional housing program, but EDA funding for the rehabilitation of this building was not secured until after that program had all but ceased. An application for a $28,800 public works grant was submitted to EDA in March 1968 and approved in June for the rehabilitation of the old building as a training center for housing, construction, and IBM cable harness trainees. Construction did not really begin until December, however, and a disastrous fire during January 1969, when the building was 75 percent completed, postponed completion even more. Insurance funds and unexpended EDA grant money allowed the completion of the building (engineer's acceptance) in July 1969.

The building appears to have had two uses since its completion. One of the uses was as an adult education facility between July 1969 and June 1970 (and unofficially before that), with Headstart and Neighborhood Youth Corps personnel using the facility intermittently during this time. There were no records available during the site visit to indicate the fate of the various trainees, but no particular impact was alleged by observers to have resulted from the use of the building in this capacity. In June 1970, non-Indian entrepreneurs established a business venture named Printers and Publishers in the building with the aid of SBA and tribal funds, and the business operated there until it failed in February 1971. The building is currently not in use.

The impact of the building has apparently been mixed. An average of about seven Indians were employed by Printers and Publishers at minimal wages for nine months, and some printing skills were imparted during this time. The tribe lost $72,000 which it had invested in the venture, however, and somewhat damaged a generally favorable relationship with SBA by involving the agency in a $90,000 loan to the two Jacobson brothers and their fledgling firm. The net impact of the building in terms of income to Indians has been negative, and its benefit thus far has been as the site of an adult education program. The Rosebud Tribe has admittedly learned something from the experience, however, and the building has potential for such activities as a vocational training center, a handicraft production center, or other similar activities. It might even serve as the site for the surplus commodities program for which tribal leaders claim they need a new building.

e. Mission Airport, Project No. 06-2-00607, 1969.

The town of Mission has been actively seeking an airstrip for the use of its private pilots for almost ten years. More recently, the Public Health Service hospital and tribal leaders concerned with industrial development have become interested in the construction of such a facility on the Reservation. An application for a public works grant to build a small airstrip east of Mission was submitted to EDA in early 1969 and was approved in June of that year. EDA was to supplement a Federal Aviation Administration 50 percent grant with a supplemental grant of $50,443 and with a loan of $27,062 bearing interest of 4-3/4 percent and payable monthly over 25 years. The approved arrangement was for the Rosebud Tribal Council to build and own the airport and to lease it to the town of Mission, using the lease payments from the town and its grateful merchants to retire the note. Construction was begun by a Denver contractor soon after.

The exemplary cooperation between tribe and town fell apart shortly after Bob Johnson, the EDA-funded planner primarily responsible for the project,resigned his post in July 1969 and left the Reservation. Both the town and tribal government changed in late 1969, and a sketchy knowledge by new officials of the transactions and agreements which had transpired paved the way for subsequent confusion. Ill feelings soon arose over an alleged agreement between Bob Johnson and an official of the previous town administration concerning the lease of some 240 acres of adjacent hay land by an out-of-state rancher; the disposition of the lease payments became a bone of contention. The town government decided for this and other reasons not to honor its lease agreement with the tribe.

Another problem arose when the Federal Aviation Administration cut back its funding of the project, thereby reducing the amount which EDA could provide in the form of a supplementary grant. The new Tribal Council was suddenly faced with the prospect of an unpaid-for, unfinished (and therefore unapproved by the South Dakota Aeronautics Board), and unleased airport which had been built, and justified by people no longer available for comment.

Don Lineback, a pilot and aircraft buff, came to town about this time and offered to manage the airport and run all its services for the city for $9,000 per year. An airport committee of six people evaluated the proposal and turned it down shortly before the town decided to opt out completely. Lineback subsequently sold the Tribal Council on the idea, and he is currently the manager of the tribally-owned airport and the proprietor of the Don Air Flying Service. Lineback has plans to complete the hanger facilities and the airport lighting this summer, and the Tribal Council expects to have the airport paid for and approved (and, therefore, placed on aeronautical maps) by the end of the summer. Additional EDA support is being sought to contribute towards this goal.

The impact of the Mission Airport has been mixed. The capabilities of the Public Health Service hospital at Rosebud in extended health care and emergency care have been strengthened, as the hospital staff currently monthly trips to Wagonner and Winner and flies out about two emergency cases per month to better equipped medical centers. The Tribal Council, BIA, and CAP staff make considerable use of the airport on a charter basis as well. But the airport is acting as a cash drain on the tribe and is providing no jobs for anyone other than the manager. The tribe is presently retiring the note to EDA, consisting of monthly payments of almost $155, out of tribal revenue instead of the lease called for by the special conditions to the loan. In addition the tribe has provided the airport manager with a house and a salary and pays him for charter service performed for the tribe. Offset against this expense is the lease payment on 240 acres of hay land and tax revenue for gasoline sold at the airport (1¢ for all gas, 8¢ for automobile gas). The gas tax is alleged to amount to about $60 per month, although gas is not sold to automobiles on a commercial basis.

The airport has proven to be a moderately attractive asset to two of the industrial candidates for location at the Reservation, and it will doubtless play a role in the future of the Reservation in general and the Antelope industrial park area in particular. It is unfortunate, however, that the tribe must pay the bills in the meantime. The glowing projections of new Reservation revenue were dashed with the failure of the brief commercial air service attempt in early 1970, but perhaps most unfortunate of all was the eventual fate of the early spirit of cooperation between the town and the tribe. There is little question that a lease of the facility by the town, whose merchants and private pilots are the near-term beneficiaries, would have been an equitable arrangement for all parties. Presumably tribal leaders have learned something useful from the experience.

f. Multi-Purpose Facility, Project No. 06-1-00758, 1969

The Antelope industrial park multi-purpose facility project is the focus of much of the jealousy, animosity, and conflict which exists on the Rosebud Reservation today. The building, if and when completed, is expected to be used by and to benefit Cato Valandra, the previous Tribal Chairman and self-proclaimed owner of Rosebud Electronics. But the EDA public works grant must go through the Tribal Council, and the Tribal Council is not disposed to lease the building built with the grant funds to the person who they believe has tried to take away the tribe's most profitable enterprise. The application for the Butler-type building was approved in the fall of 1969, and EDA funds in the amount of $51,500 grant money and a $32,500 loan at 5-3/4 percent for 18 years will be forthcoming if the ownership of Rosebud Electronics can be settled. The firm continues operations meanwhile in a nearby older building occupied since September 1969, and there appears to be little force being exerted to upset the present status quo.

Most of the evidence suggests that the Rosebud Sioux Tribe does indeed own the enterprise. The Federal Bureau of Investigation has ruled in favor of the tribe, and perhaps more to the point, the Internal Revenue Service concluded an investigation with a demand that the Tribal Council pay about $20,000 in back taxes for its enterprise. But the operation is managed by Cato Valandra and his partner, Wilson Emery, and these men are largely responsible for the success of the venture to date. The company was indeed set up by the previous tribal administration as a tribally-owned business, but several observers agree that Valandra and Emery are perhaps the only Reservation people who can operate the venture successfully. The business, in other words, may not be an asset to the present administration whether it "owns" it or not, and in the meantime it provides a monthly payroll of about $20,000 to predominantly Indian people.

Other possibilities for financing the construction of the $103,000 building exist, including the use of a BIA 40 percent grant, available bank loans (the business to be housed in the building is making money), and an SBA or Local Development Corporation loan. These funding sources may founder on the rocks of politics as well, however, and all parties are currently marking time. It is not clear whether increased volume of contract work will be provided by IBM, the customer for the cable harness assemblies, when new capacity is added to Rosebud Electronics; the company has not yet added any new customers to its market, and the managers indicate that 125 employees is the maximum which can be employed without diversification.

Resolution of the current conflict will most likely be a political one. In the meantime, Rosebud Electronics is providing jobs to at least 55 employees, and no other prospective tenants for the proposed building are in sight.

2. BUSINESS LOAN

a. First American Foods, Project No. 06-3-00742, 1969

The most significant attempt by the tribal leadership of the past five years to provide jobs for their people revolved around a proposed food production facility to be leased to, and operated by, the First American Foods Company. The apparent failure of the project to bring the benefits portrayed has left a kind of disenchantment with the complexities of the economic development process among current tribal leadership and the St. Francis citizens who were expecting to work there.

Information on the project, currently in a state of limbo, was difficult to obtain during the site visit due to the unavailability of the former planner who developed the project and to the lack of specific knowledge about the project by those currently in charge of tribal affairs. A rough outline of the events associated with the project is visible, however. A large portion of the time of Bob Johnson, the tribal planner, went into the development of this project, and the St. Francis industrial park was built expressly for the purpose of providing the necessary infrastructure for the proposed plant. Approval of a business loan in the amount of $520,000 was obtained in the fall of 1969 after over two years of application preparation and review and after considerable negotiation with sources of private capital for the provision of the remaining 35 percent of the $800,000 needed for the facility. Problems developed with the proposed lessee and plant operating group, however, as it underwent internal reorganization, and by August of 1970 the First American Foods Company had been taken over by a new management team and had become Colonial Enterprises, Incorporated. The new corporation did not feel bound by the conditions of the agreement with the Rosebud Sioux and failed to provide the capital required of the lessee and sponsor company by the agreement. Despite repeated attempts to resolve the differences by members of both the new (post December 1969) and old tribal administrations, Colonial Enterprises has not been brought back into the partnership. Tribal Chairman Two Hawk, who with his Council was dismayed to find that significant disagreements about the project remained to be resolved at the time his administration took office, requested that the approved funds be de-obligated in January of 1971.

The First American Foods project, as it is still called, symbolizes much of the activity and style of the previous tribal administration's development program to the present Tribal Council. The optimistic projection of benefits seemingly required of development planners in order to develop funding support from the several necessary sources aroused enthusiasm among Reservation Indians as well. Most of these people had little concept of the intricacies of the funding and contractual process, however, and they usually heard the project portrayed in much the same terms as are the various other governmental "benefits" given the Indian people. When the present administration came to office in December 1969, it was poorly prepared to assume responsibility for the conduct of detailed project negotiations in the effective absence of information and assistance from the earlier project developers. The problem was exacerbated by the lengthy negotiation process, during which time events at the original sponsor company changed the whole complexion of the project. The de-obligation request surprised few people at Rosebud.

Discussions are allegedly being continued between Bob Johnson and Colonial Enterprises and between the tribal administration and the company, and Rosebud may yet have a food processing facility to provide employment for Indian people. In the meantime, the First American Foods project serves as an instructive example of the problems which the delays associated with the existing project application and approval process can create for tribes attempting to establish commercial ventures with EDA funding support.

3. TECHNICAL ASSISTANCE PROJECT

a. Wood Products Feasibility and Marketing Study, Project No. 06-6-09176, 1968

Members of the Rosebud Sioux Tribe have developed considerable expertise over recent years in the construction of simple houses using prefabricated or other partially processed materials. In 1968, tribal leaders were interested in turning those skills into a business venture based on wood products, thereby alleviating the unemployment expected to result from the completion of the transitional housing program. Outside assistance was requested to analyze the possibilities for such a venture. Kirschner Associates was selected by EDA to conduct such a feasibility study, and a grant of $40,000 was approved for the work. The study commenced in early 1968 and resulted in several negotiations with prospective industrial sponsors and a final report describing the effort. A total of $32,940 was disbursed under the contract, according to EDA records.

There is some question in the minds of members of the tribal administration then in office as to what was accomplished by the project. The project objectives as stated in the Kirschner report were to investigate markets for wood products which could be competitively produced at Rosebud and to provide the tribe with the assistance necessary to set up the chosen production facility. The project result seems to have been a cursory review of the housing and pallet demand within a 500 mile radius of the Reservation and an effort to line up industrial sponsors for a business housed in an EDA-funded production facility. There is some disagreement as to the conclusions of the study as well. The report indicates that prefabricated housing production is feasible and the Tandy Company had entered into negotiations with the Rosebud Tribal Council expected to lead to the location of a plant at Winner, South Dakota, a town on the extended Reservation. But tribal leaders in office at the time indicate that the report was written largely with EDA funding of a subsequent project in mind and that Tandy had found the pre-fabricated plant to be infeasible.

The impact of the study, in terms of jobs and development potential, has been negligible. No copies of the study were easily found on the Reservation, and recollections of the project were difficult to find during the site visits. A subsequent housing program picked up much of the threatened slack in the housing labor force in 1968, and several Indians have acquired SBA loans for construction and carpentry businesses on the strength of their housing program experience. But the subject study appears to have led to a dead end.

4. PLANNING GRANT

a. Rosebud Planning Grant

1) 15 Month Administrative Grant, Project No. 06-5-15001, 1968.
2) 15 Month Administrative Grant, Project No. 06-5-15001-01, 1969.
3) 12 Month Grant, Project No. 06-5-15001-02, 1971.

One of the most significant of the Federal programs on the Rosebud Reservation has been the EDA planning grant originally funded in July of 1967. Much of the development achieved at the Reservation during recent years is attributable to the activities of the former executive director of the EDA-funded planning staff, and the former Tribal Chairman has said that Rosebud "would not have what we do today without the planning grant".

And yet, if the project is evaluated according to the criteria employed by its own staff---"We don't look at what a person starts but at what they've finished"---the EDA planning grant project has been only a qualified success. Both of the large EDA business projects on which the planning staff spent a major part of its time have fallen through. More importantly, neither of the two major industrial operations presently providing jobs and income on the Reservation were developed during the life of the planning grant. The staff's primary impact appears to have been in the realm of community development projects, where its activities are clearly documented in houses, buildings, and other physical improvements.

The Rosebud development program was actually begun in 1964 when Bob Johnson, then of the BIA, worked with the tribe in putting together a ten-year work program. There was a strong emphasis on the construction of community amenities from the beginning, with particular emphasis placed by the tribe on housing.

The EDA planning grant was made in June 1967 in recognition of the efforts being made at Rosebud and of the Reservation's place among the newly chosen "Selected Indian Reservations". The initial grant was for a $48,720 Federal share over a 15 month period beginning July 1967. The staff of four was headed by Bob Johnson. The Office of Economic Opportunity then provided funding for four staff trainees for a nine month period in April 1968. A continuation grant in the amount of $42,816 was accepted by the EDA-funded staff on August 31, 1968, for another 15 month period. An audit of the funds disbursed under this continuation grant was made in September 1969 shortly after Bob Johnson had resigned from his post as planning director, and the need to retire outstanding obligations and clear up irregularities apparently necessitated the extension of the grant support to the reduced staff until February 1970. A subsequent 12 month planning grant was approved for the use of the Two Hawk administration in July 1970, but tribal leaders have never been able to agree on a person to head up the planning staff and the grant has not been used through April 1971.

The planning project undeniably had a major effect on the Rosebud Reservation. Critics of the program and of Bob Johnson cite the number of unfilled promises and dashed aspirations which the staff's efforts generated, but the fact remains that there was a remarkable improvement in the living conditions on the Reservation during the period 1967 through 1969. Observers indicate that much of this successful activity is attributable to the coordination of most development efforts in the office of an energetic salesman of the Reservation's needs to funding sources, citing also the support of development activity by the tribal administration and the contributions of other able leaders.

The planning grant had only minor impact on industrial job creation, although staff members assisted in securing several SBA loans for new small businesses; of the many EDA projects attempted, only the Antelope access road appears to have had any effect on job income for Reservation people. But the whole orientation of the planning staff was to be responsive to the needs of the people. Johnson himself was once quoted as saying, "Our modus operandi is to ask the people what they want, then get it". The staff was hired by the Tribal Council and thought itself to be "directly responsible" to them, and the orientation towards stated desires is understandable. And better living conditions were (and are) accorded a higher priority than gainful employment by the majority of welfare-supported families.

The hyperactivity of the planning staff and its director during 1967 and 1968 undeniably led to some excesses in operations and style; specific examples of this are well documented in the report of the audit of planning grant funds conducted in September 1969. These excesses, and the inevitable disappointments which set in when much touted projects failed to become funded or to deliver after funding, are a contributory factor in the resignation of Johnson in July 1969 and the subsequent change in tribal administration. The present administration was voted in largely as a reaction to this turbulent era, in the opinion of several observers, and one of the unfortunate by-products of the grant is that the present administration seems to have become almost paralyzed into inaction by fear of repeating some of the planning grant "mistakes" discovered in hindsight.

The fact that the planning grant which has been approved for the current fiscal year is not being used does not mean that Rosebud is through with planning. The problems which have kept a suitable candidate from being selected are political, not philosophical, and tribal leaders who have seen the sort of real changes which effective development work can cause clearly state their need for a capable, and possibly non-Indian, planning director. The important considerations appear to deal with power and responsibility, for no person will be selected who does not report to and work for the Tribal Council.

There appears to be a clear need for EDA representatives to visit Rosebud to discuss the planning process and the grant program from the standpoint of Rosebud's needs as well as EDA's requirements. There is a growing desire on the Reservation to break out of the present state of disillusionment and to get moving again.

RESERVATION REPORT

SALT RIVER, ARIZONA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background and Summary

The Salt River Indian Reservation borders on Scottsdale, Arizona, which is adjacent to Phoenix. Its location on the perimeter of a major growing metropolitan area is a major locational advantage contrasting greatly with the physical and economic isolation of the other reservations studied. The proximity of the tribal lands to a major population center and market is a primary resource for the tribe.

Other resources include agricultural land, commercially valuable sand and gravel deposits, and a tourism/recreational potential which could provide a valuable contribution to development.

The EDA involvement on the Salt River Reservation has not been as great as on other reservations on the selected list. To date, only three projects have been approved. Two of these focused on an industrial park which has only recently been completed. The first tenant has not yet established an operating plant, but a formal commitment has been made. The plant is expected to employ a work force of at least 20 with an annual payroll of $120,000. The third EDA project involved a study of the tourism potential. This 1967 technical assistance grant resulted in no discernible economic impact on the Reservation.

2. Conclusions

The only significant EDA contribution to the Reservation has resulted in an industrial park whose economic impact remains in the future. However, with the rapid growth of the Phoenix Metropolitan Area and the accompanying demand for good industrial sites, the full potential of the industrial park could result in a substantial contribution to the economic development of the Reservation.

The development pressure of the expanding Phoenix area on Salt River is increasing with time. The prime location of the Reservation is such that its value as developable land is great. This has resulted in suggestions that the tribal lands be used for urban development. This demand is both a major problem and a major opportunity for the tribe.

The nature of the problem is the desire of the tribe to retain control of its land while reaping benefits from it. At the same time, the tribe has neither the capital nor the development knowledge to effectuate this development without outside assistance. However, the tribe is justifiably wary of those wishing to utilize tribal lands for their own gain.

The development opportunities associated with urban development on the Reservation are manifest. Commercial leases on tribal lands are estimated to have an income-producing potential four to six times greater

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than agricultural leases. Business and industrial ventures on the Reservation would also offer additional employment opportunities for the local Indians and can be so negotiated as to insure that these opportunities are granted to members of the tribe.

A development problem associated with the tribal lands is that about half the reservation is in small plots and controlled by individuals. The tribe as an official body has only indirect control of these lands in the form of zoning and taxing powers. This multiplicity of control over the land is an obstacle in development. In addition, many members may have heirship status with respect to a single plot and all must be located and give approval to any venture involving that plot. This process is at best cumbersome and at worst an absolute roadblock to development possibilities.

3. Recommendations

There is a pressing need for the Salt River-Pima-Maricopa Indian Community to identify the scope and nature of economic development which would be acceptable in light of the tribe's desire to retain control of its land and the use to which it is put. Various factions within the tribal community approach the development problem in varying ways. All, however, fear non-Indian elements taking advantage of the tribe for their own gain. A clearly defined development policy and an accompanying strategy seems manifestly needed if the tribe is to gain from the opportunity available to it and at the same time not be controlled or misled by aggressive developers acting in their own self-interest.

In order to protect its interests when dealing with non-Indians interested in the use of tribal lands, the tribe should consider the following recommendations:

1. Seek outside counsel when necessary which can be trusted to act in the best interests of the tribe. Advice from those of proven motives and who have no possibilities for personal gain by misleading the tribe should be sought.

2. The tribe should consider entering into business and industrial activities as partners with non-Indians, trading the use of the land for competent management services by outside entrepreneurs. In such cases the tribal benefits will be geared to the performance of the venture, not to a lease fee which may later prove inequitable. The tribe has access to government assistance in economic development not available to the industrialist, which is another incentive for the establishment of industrial ventures.

3. Regardless of the degree of tribal control of business and industrial ventures, provisions for Indian employment should be established in any arrangements for the establishment of economic ventures on the Reservation.

4. When outside management is sought for tribally-owned enterprises, consideration should be given to performance contracts for these

services. When the return for management services is geared to the level of profit, management has greater initiative to perform its role. Should no firm be willing to assume the management role, the tribe would be wise to reconsider the venture.

5. In any economic venture, provision should be made for Indian advancement into supervisory and managerial roles if this is the desire of the tribe and the individuals involved.

B. SETTING AND BACKGROUND

1. Location

The Salt River Indian Reservation was established by Executive Order in 1879 on a large triangular tract of land comprising slightly more than 46,619 acres. The Reservation is adjacent to the city of Scottsdale, Arizona and 12 miles east of downtown Phoenix. In 1971, BIA statistics set the population at 2,400 Indians.

The topography of the Salt River Indian Reservation may be generally characterized as two-thirds flat and one-third rolling desert foothills. On the western section of the reservation there are 14,590 acres of irrigated farm land. The northern section consists of similar flat or gently sloping land which could be farmed if an irrigation system was developed. The balance of the acreage is of no immediate value for farming or for raising stock but it could be developed at some future time. During 1967, according to information compiled by BIA, 8,495 of the reservation's 46,619 acres of land were used for some purpose by Indians, 32,020 acres were used by non-Indians, and 6,104 acres remained idle.

The climate is typical of Arizona, generally characterized by 300 frost-free days each year. The mean annual temperature is 70 degrees and the humidity is low. The mean annual precipitation is a very sparse 7.5 inches. Summers are very hot, and winters are mild.

The reservation is contiguous with the Phoenix metropolitan area, one of the U. S. A.'s fastest growing Standard Metropolitan Statistical Areas (SMSA), with a 1970 population of over one million. This location makes Salt River unique among the U. S. Indian Reservations, and many of the tribe's problems as well as opportunities stem from the tremendous pressure put upon them by the demands of the Phoenix area for greater residential space, industrial land, and tourist/recreation facilities.

State Highway No. 87 crosses the Reservation East-West, and bus and trucklines stop there. Rail and air transportation are available in Phoenix. The Southern Pacific and Santa Fe Railroads and eight major airlines service the Metropolitan area. In addition, Scottsdale has a 4,800 foot paved runway which can service private aircraft. Trucking services are provided by 28 interstate and 27 local, general freight carriers.

2. History

The Pima, or River People, have occupied the same locality for centuries, continuing their tradition of irrigated farming, industriousness, peacefulness, and artistic excellence. The early Spaniards found the Pimas advanced in agriculture as was indicated in the earliest recorded history of the Pima by Marcos de Niza in 1589, and Father Kino in 1694. Father Kino then introduced livestock, wheat, and other new farm crops as well as Christianity to the Pima. The tribe developed a highly organized culture.

Pima County became U. S. territory in 1853 through the Gadsden Purchase. The Salt River Reservation was established by Executive Order in 1879. The people of the Salt River Indian Reservation are still predominantly of Pima-Maricopa extraction. A few Papago Indians and non-Indians to whom members of the Salt River tribes are married are also residents of the Reservation.

While these Indians have traditionally and historically had little hostility with non-Indians, and have generally lived in harmony and cooperatively with their white neighbors, the increased urbanization of the Phoenix area in recent years has led to increasing pressure on the Reservation and its people from outside interests. Caught between a rapidly growing modern society and a desire for cultural integrity, the Reservation presently finds itself in constant tension.

3. Resources and Economy

Although currently underdeveloped, the Salt River Indian Reservation is well suited for future economic growth and development. The traditional economic base of the tribe had been agriculture, practiced on the flat, low-lying fertile soils of the western part of the Reservation. This land is well suited for such crops as cotton, alfalfa, barley, lettuce and other vegetables. However, over the past century, this area has gradually been leased over to outside non-Indian mechanized farming operators in large area blocks or subdivided into many small and uneconomical Indian-owned parcels. The leased land, about 14,000 acres, returns as little as $50 per acre annually to tribal members. Thus, the agricultural sector returns relatively little to the tribe at present, despite its high potential. Lacking an agricultural base, the tribe has now turned to other types of economic development, resting largely on its strategic position in close proximity to Phoenix.

In the field of commercial and residential development, interest is being expressed in the Reservation as a location for urban expansion. Less than 20 years ago, the town of Scottsdale had a population of 2,000 persons and the City of Phoenix, while growing fast, was still miles away. Today, a continuous urban concentration extends from the old limits of Phoenix to the Western boundaries of the Salt River Reservation. The current population of Scottsdale is over 50,000 people. It is the third largest city in the state. Space for commercial and residential development is badly needed, and could be provided by the Reservation.

Furthermore, the unique cultural and historical background of the Reservation is an excellent asset that can be used in developing a tourist industry. Tourist/recreational activities remains one of Arizona's principal sources of income, yet the Indians, at present, gain virtually no income from this rich potential.

The richest potential toward the development of the tourist/recreational industry is found in the six and one half miles of frontage along the flowing Salt and Verde Rivers. The value of the river frontage,which is within 18 miles of Phoenix, is unusually high, since there are no other flowing streams in this area. Campgrounds, cabin sites, creation of artificial lakes for fishing, boating and other water sports could all serve to provide additional financial resources for the Reservation. The rugged and picturesque McDowell Red Mountains on the Reservation provide excellent locations for guest ranches, resorts and small ranches. Facilities of this sort, once common throughout the Phoenix area, are now disappearing as a result of urban expansion. They are still, however, much in demand. Recognizing this potential, the Tribal Council has authorized an evaluation of these resources and their development potential. There are at least four other high potential economic resources available within the Reservation related to the rapid urbanization of the area: 1) The dry bed of the Salt River, the center of which is the border of the reservation area on the south can furnish a large supply of raw materials for asphalt and concrete production. The strategic location of these materials, adjacent to future urban expansion sites, assures a strong demand for these products. The tribe has already entered into one viable rock and sand lease, and this area can most certainly be expanded; 2) A large 45-inch pipeline carrying domestic water from the Verde and Salt Rivers crosses the Reservation to the city of Phoenix. Portions of this water system were constructed within the Salt River Reservation, without first negotiating a valid right-of-way. Future negotiations with the city may lead to the production of additional transmission rights to the Salt River Community; 3) Possible development of airport facilities within the boundaries of the Reservation could provide additional income for the tribe, as well as an increase in adjacent land values. Phoenix residents, per capita, have the largest number of private aircraft in the nation. The present Phoenix Municipal aviation facilities, now hemmed in by urban growth, will soon be inadequate to take care of both private and commercial travel. The city government of Phoenix plans to establish three or four general purpose airports to be used by private aircraft and by certain types of commercial aircraft. One of these is planned for the portion of the metropolitan region in which the reservation is located; 4) McDowell road, the major east-west highway crossing the Reservation, maintains a daily traffic average of 22,000 cars. It is becoming very congested and additional traffic arteries should be engineered along the perimeter of the reservation. Well-conceived planning on new routes for future traffic arteries could do much to enhance the development potential of the Reservation.

The tribe has had some experience in operating business activities. From 1944 until 1956, the Salt River Community Farm was operated as a business enterprise. The small but profitable Red Mountain Recreational Activity, which caters to picnickers and fishermen, is being steadily expanded. A landfill, serving Scottsdale and Mesa, has been operable since April 9, 1966. The tribe also gains income from two large mineral leases, as well as from the agricultural leases on Tribal land discussed above.

In 1963, the extent of industrialization on the reservation amounted to a City of Phoenix water filtration plant and one major rock and sand company. The present "industries" include a concrete products manufacturer, the tribally-operated landfill operation, a junior college, an airport and a 30-acre industrial park which is in the planning stages. Present businesses include three barber shops, one beauty shop, two gasoline service stations, two cafes, one country club, one horse riding facility, one garage, one worm farm, two salvage yards, two major sand and gravel concerns, an 18-hole golf course and driving range, one vegetable market and one Ornamental Store Company.

The levels of skill among the 300 or so full-time employees are low, with perhaps less then 100 having any knowledge of a skilled or semi-skilled trade. Major employment opportunities are available through: a) domestic service in Scottsdale, Phoenix and Tempe (this includes cleaning crews for the 400 motels in the metropolitan area); b) two electronics factories which provide employment for Indian labor in assembly line jobs; c) work for the white lessees farming on a mechanized basis on the Reservation; d) assorted Reservation jobs, available at the sand and gravel operation, the two golf courses, and at Scottsdale Junior College; and e) self-employment on the small Indian-owned farms on the Reservation.

The standard of living is low. Tribal income was about $2.8 million in 1970. This gave the tribe a per capita annual income of $1,179 and less than $4,000 for the average family. Income sources were estimated as follows: employment, 60 percent; welfare, 20 percent; and leases, 20 percent.

4. Tribal Government

The official governing body for the tribe is known as the Salt River Pima-Maricopa Indian Community Tribal Council. It is authorized by the constitution approved under the Indian Reorganization Act of 1934 and consists of seven popularly elected members. The constitution governing the Salt River Reservation was changed in 1971. The Council is now to be elected for four year terms, with one half of the members rotating every two years. The officers of the Council, including the president, will be popularly elected. The Chairman is the administrative head of the Tribal Council. He and the Council are assisted by a tribally employed business manager and a professional planner, funded under a statewide EDA planning grant.

Under the provisions of its constitution the tribe assumes many of the same rights as that of a municipality. These include the power to appropriate money out of community funds, to levy dues, fees and assessments on members and resident non-members, and to establish and regulate subordinate organizations for business purposes.

Tribal self-government is aided by a land management board of seven members; the Salt River Pima-Maricopa Development Corporation of 25 members, set up to promote the Reservation's industrial parks and the various government departments--water management, education, public works--which are mainly staffed by Indians.

During 1969 and 1970, political strife within the Council threatened all development on the Reservation. At least two factions were competing for control. The pressure of urban expansion was becoming intolerable. One faction wanted to sit tight and hold off making any decisions concerning integration with the dominant white society, while the second wanted to reap the benefits possible because of the close proximity to Phoenix. Most tribal members apparently feared that the Reservation might be "taken over" by the white man, and not having sufficient confidence in a Council's ability to protect tribal interests in this "development onslaught," the tribe played safe by electing the first faction. As a result the leadership on the Reservation remained in a state of general inaction in 1970. For example, the Development Commission did not meet once that year, despite requests by several companies for leases.

A change of administration occurred in 1971, and the conservative line of "do something, but slowly" is now beginning to dominate the Council's activities. It remains to be seen what results will occur because of this change in tribal philosophy.

5. Community Development

The OEO-Community Action Program on the Reservation is well run and highly respected. It operates a Headstart Program, Senior Opportunity Services (SOS), General Educational Development classes, and provides Economic Development assistance. Only tenuous connections are maintained with the tribal leadership, however.

Housing facilities are poor. Only 30 percent of the 383 houses are considered "adequate" by BIA standards, although over 90 percent now have running water. Recent programs such as Mutual Help, and Farmer's Home Administration loans, have led to the construction of about 90 new houses in the past six to seven years.

Education levels are low, but rising. Some 90 percent of the population have a grammar school education, and 25 percent a high school education. The BIA school is running summer programs and evening classes for the community and enrollment in the Scottsdale Junior College (on reservation land) is increasing. Five members of the community are currently enrolled at Arizona State University.

The Public Health Service maintains an Indian Hospital in Phoenix where the Salt River tribe may obtain medical care. In addition, there is a health station on the Salt River Reservation and a general clinic, which is open bi-weekly.

6. Planning

The Salt River Reservation is one of five reservations comprising the South Central Planning Area of the Indian Development District of Arizona (IDDA). Individually these five reservations lack adequate resources to initiate and implement a successful economic development program. One function of IDDA is to identify and exploit areas in which joint efforts among these reservations can lead to successful ventures.

IDDA has been involved in a few projects on the Salt River Reservation, including the EDA-funded industrial park project. It has assigned a full-time planner to the Reservation. The planner assigned is a "semi-retired" white former business executive, who apparently treats his job as a hobby, rather than as a serious, full-time profession. He has consequently not gained either the support or trust of the tribe, and his efforts have resulted in little noticeable change on the Reservation.

The Reservation's 1966 OEDP was of little value in helping to guide development activities. The data in the report was of a general nature and apparently gathered entirely from already existing published sources. Issues were only partially understood, and presented at a shallow level. There was no systematic treatment of these issues nor the steps required to begin to deal with them effectively.

A general development plan prepared for the Reservation by an outside firm (Simon Eisner and Associates of Los Angeles) under a HUD 701 planning grant was, on the other hand, well-conceived and dealt specifically with some key development issues. It treated industrial possibilities, public facility needs, and land use alternatives in detail.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Salt River Reservation:

Type and Nature of Projects	Project No.	Date	Funding	
			Grants	Loans
1. PUBLIC WORKS PROJECTS				
a. Industrial Park				
1. Site Preparation	08-1-00375	1967	$125,500	$ 31,500
2. Water System	08-1-00995	1970	108,000	65,000
2. TECHNICAL ASSISTANCE PROJECT				
a. Tourism Study	08-6-09060	1967	22,300	
TOTAL APPROVED*- ALL PROJECTS			$255,800	$ 96,500

* This does not include the Reservation's share of the statewide planning grant to the Indian Development District of Arizona, which does not lend itself to proration. See the brief discussion at the end of section B above regarding planning activities on the Reservation.

A discussion and analysis of each project follows:

1. PUBLIC WORKS PROJECTS

a. Industrial Park
  1. Site Preparation, Project No. 08-1-00375, 1967.
  2. Water System, Project No. 08-1-00995, 1970.

The Salt River Industrial Park was an EDA assisted public works project consisting of two phases. The first phase (Project No. 08-1-00375) provided for preparing the industrial site itself. The second phase (Project No. 08-1-00995) developed a water supply for the park.

The industrial park project was conceived of early in 1966, with the initiative and help of the Indian Development District of Arizona(IDDA). An application, prepared by an IDDA planner, with close guidance by the EDA development representative for the area, was made in the Tribal Council's name on Dec. 1, 1966. Approval was given in May, 1967 for a $125,500 grant and a $31,500 loan. Construction started at the end of 1968, after a long period of confusion over bids, and was not completed until the end of 1969. The industrial park covers some 50 acres. It is located on the southern edge of the Reservation in an excellent location in terms of the metropolitan area's industrial growth pattern. It is served by three major highways and is within easy access to the area's airport facilities.

In May 1969, six months after construction was begun on the park, the tribe applied for another EDA grant to supply water to the park. It had been assumed that the park would receive its water supply from the City of Mesa. This had been "documented" in the original industrial park application. However, upon discovering that the supply of water from Mesa would be insufficient, the tribe appealed to EDA for additional funds. The proposed project was for a water system large enough to serve the junior college and the other nearby facilities and residences as well as the park.

The water project was approved in June 1970, calling for a grant of $108,000 and a loan of $65,000. Construction of the system began in late 1970, and has recently been completed. The EDA funds covered only the cost of the water system serving the industrial park. The remainder of the system serving the community and Scottsdale Community College, was financed by the tribe and the B.I.A.

There are no firms in operation on the industrial park as yet. However, the first tenant signed a contract on March 5, 1971. The firm, Forest Home Industries (FHI), a producer of pre-fabricated housing, learned of the availability of the industrial estate through Coldwell-Bausco Inc., a large real estate corporation, one of whose executives sits on the Board of the Pima-Maricopa Industrial Development Commission. (This latter individual has since agreed to act as an agent for the tribe in locating other industries for the park on a fee basis.)

Forest Home Industries is a division of S.W. Industries Inc.- a large, stable, and fast growing construction firm, based in Texas. F.H.I. already has one plant in the Phoenix area. Forest Home Industries builds models of pre-fabricated houses, sold in various states of completion from a bone shell collected by the customer at the plant, to a completely furnished house erected by the company at the customer's site. Private investment in the proposed plant on the Reservation will be about $100,000, increasing to $200,000 in the first few years.

The plant is expected to employ 10 persons on the site, initially, and will generate an additional need for 2 erection crews of 5 men each. Within several months of operation, total plant employment will hopefully double to at least 20 persons with a payroll of $120,000.

Despite the minimal job impact to date, this project has had considerable development impact, particularly in terms of impact on leadership and on the process of learning how to manage land and deal with industrialists of all types. A major benefit has been that the leadership has been forced to come to terms with the pressure of urban expansion around it. The current administration is accepting the fact that it is capable of managing its own affairs. At the same time there is a growing awareness of their own incapacities, lack of education and "know-how" in dealing with the leasing of industrial land. The fear of "losing our land" to the white man is still prevalent, and so the leadership is forced to move cautiously. However, there is now a less negative response to the pressure from the Phoenix SMSA for development, and more initiative is being shown in dealing with it.

2. TECHNICAL ASSISTANCE PROJECT

a. Tourism Study, Project No. 08-6-09060, 1967.

This technical assistance project was approved for $22,300 in 1967, and was designed to produce an action plan for developing recreational and tourist facilities on the Reservation. The resulting report, prepared by J.B. Kipp and Associates, a local consulting firm, was not available at the Reservation. Local references indicate that it had no impact whatsoever on the Salt River Reservation. No jobs were created and the economic development potential of the Reservation was not affected by the project.

The study attempted to treat the issue of tourism in isolation from the other problems of development. None of the present administration was even aware of its existence, and no one locally seemed able to talk about it. The reasons for the project's failure are obscure, but clearly its timing was an important factor. The general HUD 701 plan for the Reservation had not been completed (in fact it had only just begun) when the tourism study was funded. A study of tourism development undertaken outside the context of an overall Reservation development plan runs the risk of contradicting such a plan or confusing leaders about resource allocation and development priorities.

RESERVATION REPORT

SAN CARLOS, ARIZONA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

A. CONCLUSIONS AND RECOMMENDATIONS

1. Background and Summary

The San Carlos Reservation is located in Eastern Arizona. It maintains an Apache Indian population of about 4,600. The tribe has the typical problems evident on most Indian Reservations: a low education level; a large unskilled labor force with a high rate of unemployment; inadequate housing; and inadequate public service facilities. The traditional sources of livelihood have been the raising of cattle and, to a secondary extent, jobs connected with the timber and mineral resources available on the Reservation. The tourism potential is significant, but is only in the early stages of development.

EDA projects on the San Carlos Apache Reservation have emphasized the development of this recreation and tourist potential. The Soda Canyon Tourism and Recreation Project was funded by EDA for this purpose, as was the construction of the Seneca Lake Tourism Center. Problems with both of these projects threaten their future viability, however, and it remains to be seen whether economic and social benefits will, in fact, accrue.

Additionally, EDA funds enabled the tribe to develop an industrial park on the Reservation. The cooperation between whites and Indians exhibited in putting together the park project may provide a basis for further joint efforts toward development. The industry which has been, and will be, attracted to the Reservation because of the fully developed industrial sites will provide badly needed jobs and a broader economic base for future development.

2. Conclusions

The leadership on the San Carlos Reservation has been very progressive and fairly sophisticated for perhaps the past eight to nine years. The EDA projects as a whole have encouraged the leadership in its self-confidence, but at the same time resulted in high levels of frustration. The tribal council is young and progressive, and some consider EDA as moving too slowly, particularly in the matter of funding projects. Because EDA has been slow to provide the approved funds, the tribe has had to borrow repeatedly on an interim basis. Loans totalling almost $300,000 have been made to cover costs while the EDA projects have been under construction.

The tribe's banker (First National Bank of Arizona in Globe) indicates that the tribe is one of his most credit-worthy customers, and now has an ongoing arrangement such that the tribe's business manager can borrow up to $100,000 virtually on demand, with one signature, using the Trust Funds (deposited in D. C. in the tribe's behalf by Congress) as collateral. Additional security is provided by pledging tribal enterprise income. Thus, whereas prior to the EDA projects, inability to secure financing was a major drawback, the tribe can now secure funding for most development projects.

Job and income impact from EDA projects lies entirely in the future. A new firm at the industrial park is expected to produce 100 jobs in the plant and in related operations with an annual payroll of $400,000. It is also claimed that the two tourism-oriented projects will employ 80 persons with an aggregate annual income of $320,000. That these operations are of sufficient magnitude to generate the planned level of employment, however, is open to doubt.

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3. Recommendations

Specifically, the San Carlos Reservation could most benefit from the following developments:

1. On-Going Project Management: As noted above, EDA requirements and other management difficulties have caused serious delays and, in some cases, irreparable harm to development projects. The IDDA planner on the Reservation has developed expertise in the area of guiding these projects to completion. However, he badly needs further assistance. Specifically, a competent project manager should be assigned to each development project to help see it over bureaucratic hurdles and guide it through to completion.

2. Development of Lumber Resources: The timber plateau and mountains in the northeastern section of the Reservation support commercial stands of ponderosa pine. In addition, there are about 400,000 acres of scrub oak and juniper. Currently about 10,000,000 board feet of pine are cut annually, and are hauled to a sawmill operated on the Reservation. This cut could be increased. In addition, other timber-related industries could be developed.

3. Indian-Owned Enterprises: In order to increase Indian self-confidence, as well as to promote jobs, tribal income, and overall economic development, it is important to promote wholly-Indian owned companies. From such ventures, the tribe would gain management expertise, the ability to deal with day-to-day financial and bureaucratic realities, and, most importantly, give the tribal leadership the bargaining skills required to deal effectively with potential lessees of the industrial park, government officials, and others with whom the Reservation has to interact in the process of economic development.

4. Development of a Coherent Tourism Development Strategy: The Reservation has several promising tourism projects under development. However, they appear to be in need of considerably more planning and related analysis. The entire tourism program on the Reservation should be re-examined and steps taken to insure the orderly development of this sector in keeping with tribal desires.

B. SETTING AND BACKGROUND

1. Location

The San Carlos Indian Reservation consists of 1,877,000 acres, or approximately 2,933 square miles, located in Gila, Graham, and Pinal Counties in eastern Arizona. The topography of the Reservation is comparatively rough. In the south and southwest, it consists of bottom-lands along the Gila and San Carlos Rivers, and semi-desert valleys, mesas and flats. In the north, the area is composed of rolling rangelands rising to heavily forested mountains which form the San Carlos-Fort Apache border.

San Carlos is the tribal headquarters and the center of population on the Reservation with 90 percent of the Reservation population. It is 108 miles from Phoenix, and about 110 miles from Tucson, with driving time to each being about 2-1/2 hours. Globe, the town nearest the Reservation (26 miles from San Carlos) has a population of only 6,000, which has remained static since 1950.

U.S. Highway No. 60 crosses the Reservation North and South; U.S. Highway No. 70 crosses it East and West. Commercial air service is available in Phoenix; train, bus and trucklines serve Globe.

2. History

The Apaches came to the Southwest probably around the 10th Century; by the 17th Century they were known as savage warriers among the Indian tribes. The Apache were rounded up and sent to the San Carlos Reservation in 1873. However, their traditional traits of aggressiveness and individualism survive, and are being utilized in establishing tribal enterprises and promoting the welfare of the Apache people.

3. Resources and Economy

The traditional means of livelihood on the Reservation has been the raising of cattle, and until quite recently cattle raising was the only source of employment. Today there are about 17,000 head of cattle on the Reservation; 80 percent of them are owned by individuals who raise the cattle collectively in five large herds. The cattlemen are organized into a Cattlemen's Association for the purposes of financing and development. There are about 1/2 million acres of useable range land.

Timber is plentiful on the mountainous northern border of the Reservation, with 117,000 acres of Ponderosa pine (about 400 million board feet). The pine is cut at the rate of 10 million board feet per year and hauled to a saw mill operated on the Reservation land by Western Wood Products. This activity provides a few jobs. In addition there are about 400,000 acres of scrub oak and juniper, which has to date merely been a hindrance to the cattle raising activities. However, a new company now setting up on the industrial park will produce charcoal from the oak and thus convert this into an exploitable resource rather than a liability.

Minerals, while largely untapped, do exist on the Reservation. In the park an asbestos mine employed as many as 30 workers (particularly when the Federal government was stockpiling during the war). Today the company is virtually bankrupt. The demand for asbestos (to be used in filtration of equipment) has never been higher, due to the national concern over pollution.

However, the asbestos on the Reservation contained large amounts of limestone, an impurity which to date has been too expensive to remove.

Other minerals on the Reservation include gemstones (olivine), tufa stone, copper, silver, gold, and some rare earths. None of these have been exploited commercially as yet. The tribe is taking steps in this direction by leasing exploration rights to companies along the "mineral strip", a 10 mile wide strip along the southern edge of the Reservation.

Agriculture has not been practiced traditionally. This is due to the nature of the Apache people, as well as the desert landscape. Only 600 acres are irrigated, and of these only 360 are farmed, mainly for hay, grain and some few row crops.

Tourism has great potential on the Reservation, though little of it has been realized as yet. Since the 1929 construction of the Coolidge Dam, producing the largest body of water in Arizona, some tourist activity has grown up, mainly catering to fishermen who are attracted by the lake's well deserved reputation for bass and trout. However, to date no real development has grown, and employment from tourism has been minimal. The BIA and the Tribal Enterprise are the biggest employers on the Reservation, between them employing 150 persons and accounting for roughly 35 percent of the total Reservation income. The Tribal Enterprise operates three general stores, gas stations, and some small tourist facilities, as well as facilities for exploiting the range lands--such as irrigation tanks. Per capita income is only $600 per year. Income sources on the Reservation, in addition to the tribe and BIA, are welfare (45%) cattle (15%) and other (5%).

The Reservation is removed from major market areas and has a completely inadequate internal road network. Educational and vocational training do not prepare the Indians for participation in off-reservation employment. The welfare system dampens motivation and cultural differences make mobility on the part of the Indians rather difficult. In addition to the tribally-owned general stores and gas stations, there are two other non-tribal owned general stores, a laundry, a post office, several community buildings, a clinic and a 35-bed hospital (P.H.S.) on the Reservation. Most services are available in Globe (including a radio station).

4. Tribal Government

The San Carlos Apache Tribal Council is made up of 12 members, including the Tribal Chairman. The Council is popularly elected for four years, with elections rotating every two years; it supervises all activities on the Reservation. Authority is derived from the Constitution of the tribe, approved under the Indian Reorganization Act of 1934. The current Chairman is now in his third term. He is an aggressive and progressive leader.

Elected from the Council are six committees, each with five members: (1) planning and development; (2) resources; (3) tribal enterprise board; (4) social services; (5) executive committee and (6) law and order committee. The police force of the Reservation, the maintenance department, the planning department, and the social services department are all answerable to these committees.

5. Community Development

There is a small OEO Community Action Program on the Reservation, which has been in progress for five years. About 150 Indian children are in the Headstart program. In addition, programs in alchoholism and industrial training are being started.

Housing on the Reservation is poor. A recent survey reported that out of a total of 978 existing houses, 65 percent need total replacement and 24 percent need rehabilitation. About 35 percent of all the houses have individual water facilities, but only 24 percent have sewage and sanitation facilities; 11 percent have only a tap and no drainage other than a pump. Two-thirds of the houses have electricity, but only half are fully electrically wired.

During the last 4 years, however, the tribe has made great advances in improving its housing conditions via HUD and BIA programs. About 200 new houses have been constructed in the last three years, mainly through "self help" housing. Because of the strategic location of these new houses, the first impression of an outsider visiting San Carlos is that "most" of the houses are new.

When the Job Corps Center on the Reservation was closed (in 1969) the lease drawn up by the tribe guaranteed that all the facilities (about 30 buildings and trailers) would become tribally-owned. The tribe, with this basis, has further developed a major training facility, 20 miles west of San Carlos (adjacent to the industrial park), capable of training up to 250 individuals at a time. Recently the tribe has received funds (via MDTA, Four Corners Commission, and the BIA) for a $3 million training program to be operated at this facility in conjunction with Eastern Arizona State College. Both Indians and whites will attend. Programs will be oriented to the needs of tenants of the industrial park.

6. Planning

A planner is assigned full-time to the Reservation under the Indian Development District of Arizona (IDDA) grant. He is a well-educated, tribal member who keeps abreast of all developments on the Reservation in spurring economic activity. He is a friend of the Tribal Chairman and works closely with him. He also serves as chairman of the local industrial development corporation.

Under a HUD 701 planning grant, an outside firm (Van Cleeve Associates Inc. in Scottsdale, Arizona) has prepared the first in a series of comprehensive planning studies for the Reservation. The ultimate purpose of the planning program is to develop a comprehensive master plan for the long term development of the San Carlos Reservation. The initial report focused on the broad objective of the planning program, and described the aspects of the planning program currently under way. These included: evaluation and synthesis of basic information about the Reservation and its people; definition of the short-term as well as the long term goals of the San Carlos Apache people, both as individuals and as a tribe; a study of existing physical conditions on the Reservation; and compilation and analysis of data on economic and social characteristics of the Indian people.

The tribe has already made application for the second year's planning program (1971-72), which would include the following additional work elements: a survey and analysis of tribal attitudes; an analysis and synthesis of existing plans; an updated housing study; and the development of a framework for policy development and coordination.

C. PROJECT ANALYSES

The following EDA projects have been approved for funding on the San Carlos Apache Reservation:

Type and Nature of Project	Project No.	Date	Funding Grants	Funding Loans
1. PUBLIC WORKS PROJECTS				
a. Industrial Park	08-1-00200	1966	$ 176,000	$ 44,000
b. Training Centers				
1) Initial Grant	08-1-00554	1967	181,000	
2) Supplement	08-1-00554-01	1969	30,000	
c. Seneca Lake Tourism	08-1-00773	1968	434,000	108,000
d. Soda Canyon Tourism	08-1-00774	1969	458,000	114,000
TOTAL APPROVED			$1,279,000	$266,000
2. TECHNICAL ASSISTANCE PROJECTS				
a. Industrial Park Feasibility	08-6-09027	1966	$ 29,000	
b. Industrial Location Study	08-6-09224	1970	10,000	
TOTAL APPROVED			$ 39,000	
TOTAL APPROVED*			$1,318,000	$266,000

*This does not include the Reservation's share of the statewide planning grant to the Indian Development District of Arizona, which does not lend itself to proration. See the brief discussion at the end of Section B above regarding planning activities on the Reservation.

A discussion and analysis of each project follows:

1. PUBLIC WORKS PROJECTS

a. Industrial Park, Project No. 08-1-00200, 1966.

This public works project, initiated by the tribal leadership in 1965, provided for the construction of a 50-acre industrial park on the Reservation. The project included development of sewer and water systems, an access road, and a railroad spur for the industrial park.

An earlier technical assistance study funded by EDA discussed the feasibility of the industrial park and recommended its construction. Another EDA technical assistance study is now being conducted to attempt to locate an industry for the park, but has had no success thusfar. Both of these technical assistance projects are discussed below.

A joint development corporation was formed by the tribal leadership and the nearby city of Globe. This joint venture, the San Carlos Apache/Globe Development Corporation (SCA/GDC), was begun in 1966, and has handled all aspects of the industrial park development since that time.

Applications for funds from EDA was first made in mid-1966. EDA approval followed in November 1967, resulting in a $176,000 grant and a

$44,000 loan. Construction began in September 1970, and was completed in February 1971. The project is owned and will be managed by the SCA/GDC.

There are no firms currently operating in the park. Hydrionics, a California firm, signed a lease in February 1971 and will be the first tenant at the park. Hydrionics will produce activated charcoal which is a key element in most industrial air pollution control devices. The plant will draw its raw material from the 400,000 acres of scrub oak on the Reservation. A ready market for half of the plant's capacity is already available in the local mines, which are under legal pressure to control their air pollution. Hydrionics negotiated a loan of $1,000,000 from private sources to construct its plant at the industrial park.

It is expected that within six months, 32 men will be employed at the plant, on a three-shift basis. These men will be paid a minimum wage of $2.00, with supervisory personnel earning up to $5.00 hourly. In addition, 60-70 men will be utilized in cutting the scrub oak and hauling it by truck to the industrial park. Wages for these employees will average $3.00 hourly. Thus, within 6 months expected employment will be approximately 100, generating in the first full year about a $400,000 payroll.

As a by-product of the operation of the Hydrionics plant, large quantities of steam and heat will be generated. Two additional enterprises are in a position to benefit from this by-product·

Metate Asbestos Company is an existing firm on the Reservation, mining and processing asbestos. There is a large demand for this mineral, but operations of the firm are limited because of the high lime content of the local asbestos. This impurity must be sold, as the firm lacks the capital to build an extensive acid washing facility. The costs of drying are apparently very high. With the new heat source available in the park, it may now be possible for Metate to feasibly develop this plant and additional employment in the mining operation would be generated.

A second prospect now interested in a site at the park is a steam laundry operation. Through the use of the waste steam from the Hydrionics plant, this enterprise may prove to be quite feasible. Detailed analysis of the venture is now underway. If feasible, some 20 jobs for female labor would be generated.

Other prospects being discussed are a glass manufacturing operation, a protein food stuff production facility, and a paper cup manufacturing plant.

The tribal council members have all gained some managerial and executive experience as a result of this project. The process of dealing with EDA, industrialists and other communities has been very educative. The leaders, planner, business manager and others are all more capable of working decisions and guiding development then they were before the project, and have more confidence in their own abilities. Cooperation with the local white community has somewhat improved through the joint Indian and white development corporation. The tribe's financing ability has also improved as a result of the park project, due to the necessity of obtaining interim financing.

b. Community Buildings, Project Nos. 08-1-00554 and 08-1-00554-01, 1967 and 1969.

These public works projects involved the construction of three community centers to be operated as public service facilities for all members of the Reservation. No adequate facilities previously existed for social, educational and training programs. The tribe applied to EDA for funding for this project in late 1966; approval of an $181,000 grant came in June 1967. Delays at the local level regarding the planning of the buildings held up the start of construction for two years, and a supplemental grant of $30,000 was awarded in 1969. Construction of the buildings was finally begun in May 1969, and completed in December of that year.

Originally, four community buildings were planned for the Reservation. However, only three were built due to a 25 percent rise in construction costs. Only three buildings could be erected with the funds available ($211,000 EDA grants, plus $52,600 tribal in-kind contributions).

The meeting halls serve as sheltered gathering places in a central location. Meetings are held in all three buildings on a regular basis. These include community meetings, elections, Headstart classes, extension classes, BIA-community discussions, etc. Around election time, the buildings are a hub of activity; during "roundup," they are almost empty.

The importance of the meeting halls should not be underestimated. They provide the only place in which 200-300 persons can get together. This has been important in the continuing education of the people in the ways of development, and keeps them in contact with tribal decisions to a greater degree than before.

c. Seneca Lake Tourism and Recreation, Project No. 08-1-00773, 1968.

This project involved construction of the first phase of a tourism center on U. S. Highway 60, between Globe and Show Low. It includes a store, picnic areas, road and water and sewer facilities, constructed with EDA funds and a restaurant, liquor store, boat landing, maintenance building, and service station contributed by the tribe. Later stages of development contemplate a lodge, camping sites, park headquarters building, cabins, trailer areas, boat dock and marina, swimming and fishing facilities, hiking and horseback trails, and expansions of the original facilities.

Initiated by the tribal council, this project was discussed as a possibility as early as 1962. The Council applied to EDA for funds in May of 1968; in December of that year the EDA approved a grant of $434,000 and a loan of $108,000. Construction was begun in October 1970; it is scheduled to be completed in May 1971.

It is estimated by the tribe that 50 jobs at an average of $2.00 per hour will result. It seems that this figure is unduly optimistic, and that 15 to 20 jobs is a more realistic figure. Additional minor income may also result from the sale of fishing permits and hunting licenses. The tribe has reached an agreement with ARCO to build the service station, which will be Indian operated and which will revert to the tribe after a 20-year period.

One possible drawback of the project is that Seneca Lake is remote and very small. It appears as though insufficient consideration was given to this in the application. The project may run into difficulties because the number of visitors needed to make the project economically feasible will probably be too great to maintain the serenity and natural charm of the lake and surrounding area. In effect, the ecology may not be able to support the projected economic activity.

d. Soda Canyon Tourism and Recreation Project, Project No. 08-1-00774, 1969.

This project consists of tourism and recreational facilities located in the Soda Canyon on the San Carlos lake. First phase development includes construction of a marina, boat ramp, restaurant, picnic and camping areas, water and sewer system, and an access road.

Originally conceived of by the tribal leadership in 1966, the project application was submitted to EDA in May 1968, and a $458,000 grant (80 percent of project cost) and a $114,000 loan (20 percent) were approved in January 1969. Construction was begun in February 1971, and has not yet been completed. The reason for the construction delay was the dependence of the work on an access road being improved by the BIA. This road project was only completed recently.

The project as envisioned, will ultimately include:

1) a tourist souvenir shop,
2) 100 trailer pads with full utilities,
3) a fish and game shop ,
4) a boat landing and boat rental franchise, and
5) a gas station.

Upon completion, it is expected that there will be 30 jobs, all of a service nature. Payment will be $2.00 per hour, generating a total annual income for the first year of operation of $120,000. However, the foundation of this project appears shaky due to a misunderstanding about the degree of tribal control over the San Carlos Reservoir's water. The tribe leased land from the San Carlos Irrigation Project (SCIP) in the 1930's and claims that they have sole use of land down to the waterwalk as a result. SCIP disputes this, and recently, without consulting the tribe, released almost all the water from the lake to meet the demands of the farming interests in the valley below. The consequence is miles of exposed mud areas and a bad stench, neither particularly attractive to tourists. Without the capacity to control the level of water in the lake, the project is almost assuredly doomed.

The leadership's knowledge of the value of tourism to the tribe has grown as a result of the two tourist projects, and the entire tribe is much more tourist-oriented now. The Seneca project, discussed above, grew out of this project, and plans are being made for another similar project at "Point of Pines" in the mountains 60 miles from San Carlos. A technical assistance request to test the feasibility of this new project was turned down by EDA since a paved road is not yet finished to the site.

2. TECHNICAL ASSISTANCE PROJECTS

a. Industrial Park Feasibility Study, Project No. 08-6-09027, 1966.

This study was made to determine the feasibility of developing the Industrial Park on the San Carlos Reservation. The study was conducted by L. H. Bell and Associates of Phoenix, Arizona, and financed by a $29,000 grant by EDA in June 1966.

The results of the study indicated that several industries offered a good potential for success in the new industrial park. These included asbestos processing, sawmill residue utilization and ceramic products.

It was consequently determined that the industrial park was indeed feasible. Ultimately, this resulted in the development of the industrial park, as described above (Project No. 08-1-00200).

b. Industrial Determination Study, Project No. 08-6-09224, 1970.

This technical assistance project was designed to select a viable industry for the new industrial park, that would create at least 100 jobs for male Indians. The study is being carried out by a New York consultant, with no tribal involvement, and has had no visible impact on the Reservation to date.

The project was approved in June 1970 for $10,000. No one on the Reservation was aware of any progress being made on the study, although it should have been completed by now.

RESERVATION REPORT

STANDING ROCK, NORTH DAKOTA

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Standing Rock Sioux Reservation is situated astride the border between the States of North and South Dakota. Its tribal headquarters is located about 70 miles south of Bismarck, North Dakota. The Reservation has plentiful land resources and contains many sites with potential for development based on scenic beauty, Indian history, and water sports along its eastern boundary. The Reservation is today characterized by progressive and competent leadership and is in the early stages of a development program based on relatively sophisticated development planning. The results have not yet been translated into significantly improved living conditions, however, and widespread unemployment and heavy reliance on subsidies and transfer payments still characterize Reservation life.

EDA has approved five public works projects at Standing Rock since early fiscal year 1970. Three of the public works projects are for the construction of water and sewer systems in two Reservation towns; the other two are for the construction of a large tourist complex on the Oahe Reservoir in the southeast corner of the Reservation. In addition, a district planning grant and a North Dakota technical assistance project have been approved which have had considerable effect on the Reservation.

Only minor tangible impact from these projects has occurred thus far. Only the Fort Yates water and sewer project has been completed of the public works projects; service impact has been moderately high, but none of the 18-1/2 jobs projected as a project benefit are discernible. All of the approved public works projects appear to be relatively sound in final design, however, and real benefit is expected to result from each. The technical assistance grant for the establishment of a continuing development counseling organization for North Dakota has provided useful and appreciated advice to and analysis of Standing Rock development projects. The really significant EDA impact, however, has been seen in the activities of its two highly capable planners funded under a district planning grant. None of the economic and social activities planned by these persons is yet in operation, but the resources they have obtained and the comprehensive Reservation-wide development process they have helped to set in motion promises considerable impact in the years ahead. The EDA projects are having a positive influence on local infrastructure, on the capabilities of local tribal leadership, on the amount of governmental resources upon which the tribe can draw, and on tribal particiption in the process of economic and social growth.

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2. Conclusions

EDA has only begun substantive involvement on the Standing Rock Reservation. A total of $1,332,407 in public works and planning grants and $258,100 in public works loans have been approved by EDA for the Standing Rock Sioux, but only the first public works project (a $96,000 water and sewer project) and two and one-half years of the planning grant project have been completed. There has been no discernible job and income impact attributable to completed projects thus far, although an earlier Area Redevelopment Administration loan to an industrial plant in an adjacent town has created minor job impact.

EDA's contribution to the economic development potential of the Standing Rock Reservation is beginning to be substantial, however. The major contribution thus far has been in the area of development leadership, although significant additions to the infrastructure are envisioned in the months ahead from projects already in the application process. Water and sewer projects in two towns will have been completed by the middle of 1971, and construction will soon commence on a major tourist complex expected to yield current jobs and to enhance tourism development potential. Projects being applied for include an industrial park, a community building, and a skill center.

The EDA program has had a marked effect, although an indirect one, on tribal leadership. Standing Rock took a significant departure from earlier traditions when Chairman Douglas Skye was elected in 1969. Skye's leadership appears to have created an environment in which capable people were brought into the development process and were encouraged to contribute substantively to it. The development planning process begun during Skye's administration by the two young EDA planners has carried beyond his death in late 1970 and is exciting the interest of both tribal members and government officials. Tribal leaders are actively seeking to develop their own program and to involve agencies as resource support when needed. Coordinated development planning, while not yet a reality, is at least being discussed.

The tribe has increased its access to financial support through the activities of its EDA planning staff and its leadership. The OEO special impact grant received in late 1970 was partly the result of efforts by that staff, and the opportunities to use that capital as leverage on other public and private resources are considerable. The Standing Rock Master Plan envisions large amounts of funding support for development from various Federal agencies and is likely to help in receiving it. There has as yet been little success in attracting private dollars for Indian development, however.

Vocational training programs have not been started at Standing Rock, although the United Tribes of North Dakota, of which Standing Rock is a member funds a large training complex in nearby Bismarck. Current development plans include a considerable orientation towards industrial activity, however, and Reservation leaders are seeking EDA support for a large skill training center at Fort Yates.

EDA has made little contribution to the resource knowledge base of the Reservation thus far. No useful resource or economic base study of Standing Rock exists, and only incidental thought appears to have been given by Indian leaders to the formulation of development strategy based on the realities of Reservation resources. An EDA-funded district technical assistance center at North Dakota State University has provided appreciated and generally professional counseling to Standing Rock development leaders in their efforts, but there is a clear need for better resource analysis and asset management in the formulation of Indian plans.

On the whole, the EDA program has already proved to be a useful resource for the Standing Rock Sioux. The tribe is gathering itself for a major development effort in the years ahead, and it is apparent that EDA will be called upon for major contributions. But EDA has more than money to offer to this effort. Through the conscientious application and monitoring of its planning and technical assistance program tools, it can have a decisive effect on the quality of this development activity.

3. Recommendations

The Standing Rock Sioux are currently, in their own words, "on the move". The sense of motion conveyed by tribal leaders, if carefully geared to the experience and aspirations of the several Reservation communities, will provide a fertile environment for Standing Rock development in the years ahead. The current attempt by Reservation planners to instigate a planning process in the local communities, therefore, is an important step towards sustained area-wide growth.

But planning is only a relatively necessary, not a sufficient, prerequisite for the sort of activity which leads to real improvement in living conditions. If physical and development planning is to lead to non-subsidized jobs in economic enterprises, the assumptions on which planning is based must be sound and the development strategy realistic. Funding can probably be obtained from a variety of governmental sources for both social (community buildings) and economic (industrial parks, tourist complexes) assets, but these assets have little intrinsic value and must be capable of being used to generate social or financial returns. To state the development problem simply in terms of getting assets is to avoid the really important requirement for getting useable ones. And to say that, "once the air industrial park is built, there will be no problem getting tenants" is to turn away from the lessons of recent Indian history.

The recent success of the Standing Rock Reservation in securing capital support for its development program has conferred upon it an enviable, if nonetheless limited, degree of flexibility and autonomy in project funding. The tribal leadership is justly proud of this record and appears to be dedicated to building a better Standing Rock with Federal funding support. Rapidly escalating tribal aspiration levels, however, should by now be reminding planners that sympathetic governmental agency funding sources are at best only finite. And communities whose development plans have been approved will have a way of expecting consequent support from Fort Yates just as Fort Yates has expected it from Washington. If planning is only defined as preparation of well-drawn applications for popular projects for submission to government agencies, Standing Rock progress will be limited and its fate will be dependent on outside resources more than the rising young leadership can easily accept.

The Standing Rock special impact grant is a case in point. If the grant arouses expectations of countless blessings from a large pool of working capital without establishing financial ties or earning assets which will exist after the grant is gone or exhausted, it could represent a net cost to the Reservation. The opportunity cost, or foregone chance to establish continuing benefits, would in any case be high. Government programs will undoubtedly continue to play a crucial role in the Indian experience in years ahead, but the OEO Special Impact program is designed to enable a community characterized by poverty and powerlessness to more effectively relate to and bargain with the larger society and commercial economy. That "larger society" is here defined as the predominantly white towns along U.S. Highway 12, the nearby Dakota cities, and all possible sources of private capital and commercial markets. Standing Rock leadership apparently has the skill and experience necessary to leverage local private resources (bank loans and equity capital) with its own resources, thus stretching its own resources at the same time as it is developing a position of influence in the Midwest. But a commitment to the development of an "Indian Path" system consisting of an integrated network of roads, communities, and economic ties, if it seeks ultimately to divorce itself from the surrounding environment, is antithetical to the special impact objectives and probably detrimental to the future of the Standing Rock Sioux.

It is recommended that the Standing Rock leadership consider the following actions in the formulation of Reservation development plans:

1. The need for a sound economic base study which analyzes the resources and problems characterizing the Reservation and makes well-supported recommendations for development strategy and projects is apparent. Such studies as the one which the Missouri River Basin Investigation Project performed for Fort Berthold could serve as a firm foundation for planning and as useful support for project applications. Existing Reservation planning documents are of almost no value as a guide to the formulation of realistic growth strategies; the community involvement sought by EDA in the preparation of the development plan is being much better demonstrated in the current pattern of meetings and discussions than in the preparation of any document. Early acquisition of a sound economic base study is highly recommended.
2. More careful scrutiny of feasibility studies by both tribal development leaders and the various funding agencies is clearly needed. The apparent lack of questioning of the assumptions on which studies are based and the methodology employed in arriving at conclusions is unsettling in view of the importance of the success (not funding) of projects to future generations. The preparation of studies by those who stand to benefit directly from favorable conclusions and subsequent funding represents a conflict of interest with serious implications for all parties involved. Such a state of affairs has undoubtedly come about because all parties to the project---tribe, consulting firm, funding agency, contractor---stand to gain politically and financially in the short run, but it is morally indefensible and of questionable legality. If economic development is to mean anything at all, it must represent the capitalization of funding dollars into really beneficial assets (people, institutions, enterprises, facilities) rather than a perpetuation of the deadening welfare syndrome.
3. The physical structures and industrial sites planned for the Reservation will, if funded, be visible symbols of achievement. The primary Reservation assets, however, continue to be the land and the water from the Oahe Reservoir. Not only are these the most significant Standing Rock assets, but land use is apparently an economic and social activity with which most of the Sioux are comfortable(despite the fact that only 30% are currently living off the land). The planners' development of projects in cattle ranching and irrigated farming appears sound and may represent a useful way of involving the tribe in economic growth while exploiting resources in which real potential exists.

4. Careful thought needs to be given to what Standing Rock has to offer to industry. The Reservation has real advantages in attracting outside industry's attention to Fort Yates; its current leadership, an energetic Senator, and a ready source of

working capital combine to convey an advantage to Standing Rock over most other Indian communities. But these are not the factors on which plant location decisions are usually based. Marketing, transportation, labor force, and financing consideration need to be analyzed for each likely industry and the most suitable candidates chosen for an approach focussed on the industry's needs. The current emphasis on Indian-owned businesses is understandable but should not preclude consideration of the very real advantages which an outside company can offer. The real benefit to any reservation is the jobs provided by a well-matched business or industrial plant, considerations of pride or (usually illusory) profits notwithstanding. Standing Rock is in an enviable position for receipt of an EDA business loan based on a sound industrial opportunity, and the very real problems of application processing time should not cause leaders to disregard this opportunity to leverage their special impact grant.

5. The development of good projects by the several North Dakota Indian Reservations offers an opportunity for substantive rather than just formal coordination of activities. The marketing arrangement which Standing Rock has arrived at with Fort Berthold and Fort Totten is an example of the sort of cooperation which can lead to mutual progress and improved tribal relationships. Similar cooperation on the development of a "tourism thoroughfare" along the Missouri River reservoirs would seem to be a wise idea as well. The individual reservation complexes will largely compete with one another for the meager tourist traffic which currently flows through the Dakotas in all but the summer months until the individual reservations and the States develop their facilities (in fact and in advertising) as a system. Stronger cooperation of the various reservations, either through UTNDDC or on a situational basis, in the matter of Missouri Basin highway development is a case in point. And the Indians have a strong case to make because it is in the State's interest as well to deflect the through traffic to Dakota recreation sites and cash registers.
6. The case for developing financial, economic and social ties with markets and resources likely to exist long after various government programs are gone has already been made. An Indian bank may be desirable and even feasible, but "tied deposits" of new tribal funds in hitherto unresponsive banks may be an avenue to improved availability of loans in the meantime. Better integration of the various Indian communities is important, but more effective relationships with surrounding communities which are based on a greater sense of equality and mutual benefit are also possible. The example of cooperation for mutual benefit between Standing Rock planners and the town of Solen can not be completely lost on the other Reservation towns. The truth of the matter is that the Standing Rock Sioux are moving and that they are demonstrably capable of changing their environment. The extent of their progress will be determined by how capably they use all of the resources available to them. Recent Council resolution 107-71 calling for "maximum utilization of all agency resources towards tribal development" is at once a commendable statement of the need for better agency cooperation in delivering resources suited to Reservation needs and an unfortunate focus on only those resources which are thought of as being relatively "free". Tribal leaders in fact have a responsibility for using all development resources to better their peoples' lot---now and in the distant future---and they have only begun to define and acquire and use those resources.

B. SETTING AND BACKGROUND

1. Location

The Standing Rock Reservation consists of about 850,000 acres of Government and trust land astride the border between North and South Dakota. The Oahe Reservoir formed by the damming of the Missouri River comprises the eastern border of the Reservation. The Reservation is traversed from east to west by the Milwaukee Railroad, with a branch running north into North Dakota through the Reservation, and by U.S. Highway 12; State Highways 65 (S.D.) - 31 (N.D.), and 63 (S.D.) - 6 and 24 (N.D.) run north and sourth through the Reservation. Commercial air transportation is available at Bismarck about 70 miles north of the Tribal Council headquarters at Ft. Yates.

2. History

The Standing Rock Reservation is one of several reservations set aside for the various bands of the Sioux nation. The Teton division of the Sioux people, from which the Standing Rock people are descended, changed from a woodland culture to a more nomadic existence as they moved west from the Great Lakes area. Sporadic fighting with incoming white settlers led in 1890 to the establishment of the present Standing Rock Reservation. The total of over 2.3 million acres within those boundaries was diminished considerably by the sale of surplus and unallotted lands to homesteaders in 1910 and in 1915. The proceeds from the sale were deposited to the credit of the Standing Rock Indians in the U.S. Treasury, and in 1934 all undisposed lands were restored to tribal ownership.

A ranching and agrarian economy quickly developed on the fee patent land sold under the provisions of the Homestead Act. The construction of the Milwaukee Railroad in the early 20th century gave impetus to the development of several small agricultural market towns along the rail line; these towns even today are the main population centers on the Reservation. The Sioux continued to carry on much of their traditional culture in the relatively fertile lands along the river bottoms throughout this period.

In 1944 a Flood Control Act authorized the construction of the Oahe Reservoir as part of the Missouri River Basin Development. Work on the Oahe dam began in 1948, and for the next ten years the many Standing Rock families living in river bottom lands were relocated to higher parts of the Reservation. The tribe received a compensation payment of $12.2 million dollars in September 1958 as reimbursement for the land, rehabilitation, and other claims. The flooding of many Indian homesites, though undeniably a hardship on Indian residents, has been a stimulus for the Sioux to develop new and better communities, and the economic development process is currently well under way on the Reservation.

The population living within the Reservation borders is around 13,500 at the present time, of which slightly over 4,700 are members of the Standing Rock Tribe. The area has suffered a general population decline as farms have grown in size and decreased in number and as job opportunities in urban areas grew relatively more attractive. Indian outmigration has been less than that of non-Indians, however, and the high Indian birth rate has helped that population to increase from the number of 3,330 Indians living on the Standing Rock Reservation in 1960. Recent development has emphasized the strengthening of the seven predominantly Indian communities on the Reservation into more attractive living environments, with special emphasis being placed on the tribal headquarters and the Reservation "growth center" of Fort Yates, North Dakota.

3. Resources and Economy

The natural resources of the Standing Rock Reservation consist of vast tracts of grazing land, a plentiful water supply in the Oahe Reservoir, and considerable lignite deposits of undetermined value. Other assets upon which the Reservation is drawing in the development process include attractive recreation sites in close proximity to a relatively important cross-country highway.

The land is the focus of current economic activity at Standing Rock, as it is throughout the State of South Dakota. Livestock ranching is the primary economic activity on the Reservation. Over 90 percent of the total trust land area of about 850,000 acres is classified as open grazing land, and an additional 5 percent of this area is classified as dry farmland devoted to grain crops.

Agriculture generated $3.6 million on the Standing Rock Reservation in 1966, of which $1.05 million was generated on Indian-farmed land. The Indian users of the land concentrate more heavily on cattle raising than do the non-Indian lessees of trust land. Only about 12 percent of the total value of production on the approximately 300,000 acres of land currently farmed by Standing Rock Indians was derived from grain production, whereas over 20 percent of the value of production on land leased by non-Indians comes from this crop. Even more indicative of the specialization is the fact that 70 of the 80 Indian families engaged in full-time agriculture (1966) were cattle ranchers, whereas only half of the non-Indian users of trust land were so engaged.

The establishment of a tribally-owned feedlot and irrigation farm in 1968 was an important step in the development of their agricultural resources by the Standing Rock Sioux. Intensive production of cattle feed, corn, and potatoes is increasing on 850 acres of tribal land adjacent to the Oahe Reservation.

The other natural resources of the area have not been exploited thus far. The Grand Island Peninsula Tourist Complex is soon to be constructed in the southeastern corner of the Reservation, however, and it is expected to enhance the appeal of the many Missouri River historical sites and the Reservation Indian culture to tourists.

Non-agricultural activity on the Reservation serves the agricultural economy. Reservation towns contained 91 businesses with a total of 402 employees subject to the Social Security Act in 1966, and over half these businesses were in the retail trade. Businesses on the Reservation have been predominantly located in the towns of McLaughlin (1000) and McIntosh(600), two of the predominantly non-Indian towns located along the Milwaukee Railroad and U.S. Highway 12 axis through the South Dakota part of the Reservation. Fort Yates has recently grown to be the largest town on the Standing Rock Reservation, however, and is vigorously promoting business and industrial development. Bismarck (35,000) to the north and Mobridge (4,500) to the southeast continue to receive the major portion of the Reservation shopping and entertainment dollar; the major part of the $2.5 million governmental payroll at Standing Rock is estimated to be spent off the Reservation.

Indian employment on the Reservation is basically agricultural and is therefore subject to the seasonal production cycle. Unemployment in the labor force is usually over 50 percent, however, and the figure has remained high because of a continual drain of some of the more employable persons from the Reservation. The labor force is currently estimated to contain over 1,200 workers. A small number of tribal members are currently employed in commercial businesses, and several are employed in the Five Star Cheese Company at Selfridge and at Plastic Molders Incorporated in nearby Mobridge, both of which were established under an earlier Tribal Industrial Development Program. A textile plant established in McLaughlin with the help of $250,000 of tribal funds has ceased operation, and a large tribally-owned industrial building is now available for commercial use. Considerable business and industrial development oriented toward Indian employment and income is currently being planned by Standing Rock Industries, a tribal corporation funded by a 1970 OEO special impact grant. The Community Action Program continues to be the Reservation's largest single employer, with 141 employees engaged in various community development activities in March 1971.

Indian family income figures are indicative of the economic situation which exists at Standing Rock. Recent figures are not available, but 1964 data shows over 78 percent of all families earning less than $3,000 per year and only 9 percent earning more than $5,000; tribal leaders indicate no substantial changes in these figures.

4. Tribal Government

The Standing Rock Reservation is governed, in name and increasingly in fact, by a 15-member Tribal Council popularly elected from the seven districts which comprise the Reservation. The Council operates under guidelines set out by a constitution approved in 1959. Programs and projects are carried out with the help of a variety of committees and task forces who report to the Tribal Council for overall supervision and coordination. Tribal headquarters are located in a large and attractive building at Fort Yates which has permitted the effective centralization of tribal administration.

Tribal government at Standing Rock is characterized by a growing belief that Indians can in fact affect their future according to their individual and community desires. The development of well-drafted proposals linked by a fairly consistent statement of priorities was largely responsible for receipt of over $8 million in development program funds from Federal agencies in a nine-month period soon after former Chairman Douglas Skye took office in 1969. This tangible evidence of the capability of tribal leadership has given it a new mood of confidence which is beginning to spread throughout both the Indian and non-Indian communities on the Reservation. Planning and development work is beginning to increase in the seven Indian communities (all but one of which contain under 500 people) under central tribal leadership as district leaders seek to obtain some of the increasingly apparent development benefits. And non-Indian towns are increasingly discussing Reservation-wide growth with tribal leaders as well; the town of Solen recently received a sizeable public works grant from EDA as a result of such cooperation.

The Standing Rock Reservation is one of the four members of the

United Tribes of North Dakota Development Corporation. Two tribal leaders will be on its Board of Directors under the new UTNDDC by-laws, and two development specialists officially employed by the corporation's planning office are Standing Rock planners (the additional planner because of the two States in which the Reservation is located.) These two planners are funded under an EDA district planning grant and are important movers in the Standing Rock development program.

5. Community Development

The Standing Rock Tribe is currently embarking on an extensive program of community development in the predominantly Indian towns of their Reservation. The long-term effort, characterized by tribal planners as the development of an "Indian Path" system, is designed to link these Indian communities with better transportation routes and to strengthen their community services and economic base.

Some construction of community facilities has of course already taken place. In the years since 1962, such important facilities as a Public Health Service hospital, a water treatment and sewage facility, a tribal and council office, and a high school and grade school have been built at Fort Yates. Community buildings at Cannonball, Porcupine, Bullhead, and Little Eagle have also been built. During this time, 220 units of public housing were built, 100 of them by the eight year old Standing Rock Housing Authority.

The Public Health Service program at Standing Rock consists of health care (one modern 32-bed hospital, one out-patient health center, and three part-time field clinics), health education, and construction of sanitation facilities throughout the Reservation. PHS is currently working with the Standing Rock Housing Authority in the construction of water and sewage facilities for newly built homes in the several Indian communities. PHS employs 74 persons, of whom about two-thirds are Standing Rock Sioux.

The Bureau of Indian Affairs is concentrating its road construction activities on linking communities on the Indian Path with the major traffic arteries. BIA equipment is used by 25 Indian men in the construction and improvement work.

Most community services are coordinated by the OEO Community Action Program. CAP administers OEO-funded activities in the neighborhood centers, the Career Opportunity program, the Home Improvement program, the Emergency Food program, and the pilot program in alcoholism, as well as HEW's popular Head Start program, a Labor-funded Public Service Career program, and the PHS-funded Community Health Representative program. The Neighborhood Youth Corps employs young people, both in and out of school, in a variety of training and service capacities; over 300 youths have been employed in the NYC program. Standing Rock CAP was one of four reservation CAPs recently selected by OEO for a Management Improvement Program.

Reservation education responsibility is shared between the Bureau of Indian Affairs and six public school districts. BIA operates three elementary schools and the 220 student Fort Yates High School. Public schools, including five high schools, provide instruction at other Reservation communities. There is also a Catholic elementary school at Fort Yates. A Tribal Education Committee increasingly acts as a clearing house on Indian education matters.

This Committee and the BIA Branch of Education jointly fund Indian college students through a loan-grant program and work with such education programs as the Teacher Corps, Career Opportunities program, and Head Start. Important additions to the Standing Rock educational facilities will be the proposed Skill Center and Center for Indian Vocational Education at Fort Yates.

The Reservation housing program is one of the most visible activities at Standing Rock. One hundred units of public housing were built in the early 1960's and 120 units are currently being added. Some of the latter are being built under the FHA homeownership program. Completion of these units will increase the number of Indian occupants of new housing to over 1000. Some older homes are also being repaired under OEO's Home Improvement Program.

Two other important new housing efforts are in the planning or construction process. Federal Housing Administration support has permitted construction of the 100-unit Douglas Skye Memorial retirement community complex to begin at a Fort Yates site. The attractive and uniquely designed structure is expected to fill a need for old age and nursing facilities at Standing Rock when it is finished in the fall of 1971. Another addition to the Reservation economy will be a prefabricated housing production facility for which Reservation leaders are currently seeking funding approval from OEO. The business is to be owned and operated by Standing Rock Industries, an OEO special impact grantee with its own Board of Directors and staff. The facility is to produce construction materials for an extensive Indian housing development program on three North Dakota Reservations and for housing needs in towns near the Standing Rock Reservation.

6. Standing Rock Planning

The number of development activities currently taking place among the Standing Rock Sioux can easily obscure a more important fact: that the large majority of them are taking place as the result of coordinated planning by Indian leaders from a Reservation rather than Federal agency perspective. Formal planning documents have been prepared and agency activity occasionally coordinated for several years, but only in the last two years have priorities been decided and development plans articulated as an effective guide to action. Planning gains its value in results, and visible achievements are beginning to gain adherents for the Standing Rock planning process in a way that the so-called planning documents of earlier days never could.

The current Standing Rock development program began in October of 1969 with the election of Douglas Skye, a tribal member who had retired from BIA employment months earlier. Two young tribal members with training in planning had been employed as EDA-funded planners just prior to this time, and the largely new tribal administration elected in October 1969 provided an environment in which Bob McLaughlin and Dave Gipp, the two planners, might test new approaches. In addition to this fortuitous combination of circumstances, tribal leaders sensed a growing awareness on the part of Federal agencies that Indian Reservation planning documents of the earlier type were not materially contributing to development except as formal prerequisites for agency funding consideration.

The objectives of the first planning cycle (Phase I: October 1969--December 1970) were calculated to establish credibility for the planning process among the Standing Rock people. The plan was to be kept simple and visible, and emphasis was to be placed on using this evidence of effective coordination for receiving "Federal agency support for Standing Rock programs"---in other words, credibility was to be achieved through the receipt of funding for planned projects.

The results of this Phase I effort, which included the preparation of what is popularly called the "Master Plan" and proposals for the projects specified in it, were largely successful in terms of the stated objectives. Over $8 million in program funding was actually approved during the Plan's first nine months, including such important and unusual resources as an OEO special impact grant of $1.1 million. Funding was received for projects in each of the physical, economic, and social "development sectors". Construction of facilities and hiring of staff for these projects has clearly focussed attention on the planning process and its implementers at Fort Yates. The tragic death, in late 1970, of the primary catalyst for the successful effort, Chairman Skye, does not seem to have seriously slowed the momentum of the movement; current Chairman Melvin White Eagle was easily elected from among the previous tribal administration members as an affirmation of administration policy.

Planning in Phase I (1970) was largely the work of a small cadre of tribal leaders. Increasing efforts are being made in the considerably more difficult area of Reservation community-wide planning. An important step in this direction was the evaluation of the Phase I Master Plan at community meetings, and then at Tribal Council meetings, throughout the fourth quarter of 1970. The involvement of Standing Rock citizens in these proceedings was rendered considerably easier by the well-publicized early successes of the program. These meetings provided much of the impetus for the formation of District Planning Councils and for their work, with the help of several VISTA volunteers, in developing physical planning documents and overall community development plans. Planning is still a new concept and a largely primitive practice at the local community level, but the larger Indian communities want to replicate some of the apparent progress at Fort Yates and are participating in the work of the Phase II "Developmental Plan". The spreading of some of the benefits of the planning process among a wider portion of the Reservation population is expected by tribal leaders to allay some of the suspicion and jealousy which results to date have inevitably generated.

The Standing Rock Reservation is now in the early stages of a major development program as the result of its initial governing, planning, and fund-raising successes. The early phases of the program are expected to create major additions to the physical plant at the Reservation, especially in those lands and communities which make up the Indian Path. Actual changes in the economy and in the living conditions of the Sioux people are expected to take somewhat longer. It remains to be seen whether the planned development activities will make significant changes in these social and economic conditions at Standing Rock in the years ahead.

C. PROJECT ANALYSES

The following EDA projects have been funded on the Standing Rock Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Fort Yates Water, Sewers	06-1-00774	1969	$ 96,000	
b. Recreation Complex				
1. Sewage Treatment Plant	06-2-00776	1970	35,700	$ 14,300
2. Recreation Complex	06-1-00775	1970	975,200	243,800
c. Solen Water, Sewer System				
1. Water, Waste Treatment	06-1-00780	1970	139,200	
2. Sewage Lagoon and Pump	06-1-00781	1970	24,700	
TOTAL APPROVED			$1,270,800	$258,100
2. TECHNICAL ASSISTANCE PROJECT				
a. North Dakota State Univ. Center for Economic Development	06-6-09245	1969-71		
3. PLANNING GRANT				
a. UTNDDC District Grant	06-5-11014	1969	$ 22,140*	
	06-5-11014-01	1970	26,757*	
	06-5-11014-02	1971	12,710*	
TOTAL APPROVED			$1,332,407	$258,100

* The grants were made for the benefit of all four North Dakota Indian Reservations. The listed amounts are the pro-rated shares applicable to Standing Rock. As pointed out in the project descriptions, however, the four Reservations have not in fact derived equal benefit from the grants.

In addition to these approved projects, several public works projects applications had been submitted to the Chicago Regional Office in the weeks immediately prior to the site visit. The projects, and the preliminary amount of funding requested for each, are as follows:

Air Industrial Park	$328,000
Air Industrial Park Sewage System	72,000
Fort Yates Skill Center*	510,000
Fort Yates Community Building*	105,000

*(approved in June 1971)

Detailed project-by-project descriptions and analyses follow:

1. PUBLIC WORKS PROJECTS

a. Fort Yates Water and Sewer System, Project No. 06-1-00774, 1969

The first Public Works project approved for the Standing Rock Reservation provided for the extension of modern water and sewer facilities into the predominantly Indian inhabited southern portion of Fort Yates. Existing public water and sewage system facilities in the northern part of the town, an unincorporated area containing most of the government buildings, were connected with the residential and commercial center of Fort Yates by project-funded water transmission lines, fire hydrants, laterals, and sewage collection lines. EDA paid for 80 percent of the $120,000 project with a $60,000 basic grant and a 30 percent supplemental grant of $36,000. The Farmer's Home Administration loaned the town the money necessary to support its share of the project cost.

Living conditions in the older incorporated portion of Fort Yates, south of its main street, had deteriorated considerably as a result of the crowding due to the filling of Oahe reservoir. The construction of new apartment houses in the area and the needs of the few stores on the main commercial street induced the tribe to seek funding for the water and sewer improvements from EDA in 1968. An application was submitted in January 1969, and EDA approved the project in July 1969. The project work was completed in the fall of 1969.

The service impact of the project has been moderately high. Improved utilities service has enhanced living conditions in the populous southern part of town, according to several observers. Water and sewer service was extended to over 50 structures by the project. Fire protection has been improved as well, although interviewed retailers indicated little actual change in insurance rates. Job impact projected at 18-1/2 jobs by EDA project reviewers has been nil, on the other hand. The project may have rendered the area "more attractive for industry", as claimed in the application, but not attractive enough to induce location (and 7-1/2 expected jobs) in south Fort Yates. The 11 jobs to be developed in existing retail and service establishments by the project have not materialized either. The three actual increases in employment at these stores since the completion of the project have occurred as a result of increased revenues and service demands associated with increased volume of business---primarily from residents of the more rapidly growing northern part of the town.

b. Grand Island Peninsula Tourist Complex.
   1) Sewage Treatment, Project No. 06-2-00776, 1970
   2) Tourist/Recreation Complex, Project No. 06-1-00775, 1970

The Grand Island Peninsula Tourist Complex represents the first major Reservation effort to capitalize on its historical, scenic and recreational assets and its position astride a relatively important traffic artery. The approved plans call for an attractive multi-purpose facilities complex consisting of a museum, marina, Teepee Village, and amphitheater focussed by a 46-unit motel with restaurant and convention facilities. The project has been discussed for several years as an interesting business opportunity; an application for funding was submitted in February 1969 and approved by EDA in March of 1970. Public Works has allocated a total of $1,010,900 of grant funds and $258,100 in loans bearing 5-3/4 percent interest to the project. Construction of the sewage treatment facility, funded by a Federal Water Pollution Control Administration (FWPCA) grant of $21,400 and by supplemental EDA funds ($35,700 grant, $14,300 loan), is to begin in July 1971. The tourist complex itself is funded by an 80 percent EDA public works grant of $975,200 and a loan of $243,800 and is to be constructed during the summer and fall of 1971.

The Grand Island project is expected to be a major provider of employment opportunities for the Standing Rock people in adjacent communities. About 80 jobs are expected to be immediately provided by the motel, marina, museum, and teepee village components, with up to 100 additional jobs expected by some observers after the complex has established a favorable operating situation. An initial feasibility study by Harrison Fagg and Associates concluded that Grand Island would be a "profitable operation". A subsequent study by Harbridge House, OEO-funded consultants to special impact grantees, suggests that the complex can operate on retained earnings but will not be very profitable at projected employment levels.

Grand Island Peninsula Tourist Complex is to be operated by Standing Rock Industries (SRI), the autonomous non-profit corporation designated as the grantee of the OEO special impact grant. SRI, under the direction of a capable Indian accountant with graduate training in business, is responsible for selecting the management of the operation, assisting the Tribal Council and management in selecting and training a staff, and supervising the preparation of a business plan of operations. The current search for a lessee or management group under contract is receiving considerable attention due to the special condition to the public works funding which stipulates that a project manager must be provided by SRI prior to advertising for construction bids.

The chosen location appears to be a desirable one for a tourist center based on Indian culture, water sports, and the market in a nearby urban center. The site is on the Reservation itself (with some non-structural parts of the complex such as the golf course to be developed on adjacent Army Corps of Engineers land) but is easily visible from U.S. Highway 12 at the point at which traffic reaches the western edge of the bridge leading to Mobridge, South Dakota. The site is almost 75% surrounded by water and appears well suited for regattas or fishing activity. The motel is expected to capture not only a portion of the spring, summer, and fall tourist traffic by the site, but also a sizeable share of the dining and recreation market in Mobridge (4500 people) just across the bridge. There is considerable interest expressed by the Mobridge people in the apparent quality orientation of the Grand Island complex, and a combination of good service and competitive prices at the restaurant, bar, and motel is likely to attract a continual base of revenue from the nearby city.

The importance of "capable" or "qualified" management is obvious. The complex has been designed attractively but grandly. Debt service of almost $1500 per month is projected even before construction. The figure of 80 jobs for Indians has been used so often that it may prove difficult to keep the staff lean enough to pay its way. A staff of 80 at an average $2.00 per hour would require close to $30,000 per month including benefits. Working capital is to be provided by SRI out of special impact funds, but other claims on those "free dollars" will make it imperative that the complex pay its way at an early date if it is not to become a continuing drain on tribal liquid assets. The need to achieve the 70 percent long occupancy rate projected by Fagg will require not only ardent wooing of Mobridge and other South Dakota cities but a through campaign of advertising on a State or regional basis. Westbound summer tourists for instance, will have to pass by several motels in the city and take apparent leave of civilization before they reach Grand Island, and only the pre-sold driver is likely to run the gauntlet. Careful pricing of Grand Island food, lodging, and services will be required in order that the facility remain competitive. The nearly $30 per day which Fagg expects each of the occupied units (70 percent of 46) to generate is well above the prevailing levels in the rural Midwest.

The Grand Island Tourist Complex will be an attractive addition to the facilities on the Standing Rock Reservation and will undoubtedly play an important role in opening up the recreational potential and historical significance of the Sioux lands. Early planning appears to have been carried out in a haze of unreality, however, and it remains to be seen whether the complex will be instrumental in significantly improving the living conditions of those whom it was designed to serve.

c. Solen Water and Sewer System,
   1. Water System and Waste Collection and Treatment System, Project No. 06-1-00780, 1970.
   2. Sewage Lagoon and Pumping Station, Project No. 06-1-00781, 1970.

One of the most deeply appreciated EDA projects on any Indian Reservation is the water and sewage system currently being constructed at Solen, a small 70-home community on the northern edge of the Reservation. In the face of a serious question of town survival, Solen and Reservation leaders have banded together to apply to EDA for the utilities which the town and its main "industry", the school, so badly need. The approval of the project by EDA has provided $163,900 of grant funds for the construction of a comprehensive utilities system including a 50,000 gallon water tank, water distribution lines, sewer collection lines and pumps, and a waste treatment facility. A total of $44,680 in Farmer's Home Administration loans make up the balance of project funding. The project was approved by EDA in April 1970. Subsequent negotiations with other agencies have postponed construction until April 1971. The Minot contractor expects to complete the project by July 1971

The Solen utilities project is expected by all contacted observers to have a major impact on the small community. Project reviewers expect 19 jobs to be created or saved as a direct result of the water and sewer construction. Of perhaps greater significance, however, is the additional development activity which observers expect the project to enable. The Department of Health, Education, and Welfare is planning to provide major funding for a new school building when the town receives water and sewer facilities. Small Business Administration funding allegedly available only on heavily secured terms now will be made more available upon project completion, according to town leaders. SBA funding will be used to start the town's first cafe, expand an existing garage, and renovate the grain elevators, as well as to provide financing for other new business opportunities as they arise. The service impact of the project will certainly be high as well. The outlawing of septic tanks and private sewer systems by city ordinance upon project completion will upgrade community sanitary standards. The 209 persons living in Solen and the 270 children attending its school from a 350 square mile area will be able to drink pure water from new wells, many of them for the first time.

The agricultural market town was hard hit by the closing of the railroad several years ago and has been fighting for its life. The establishment of a school district encompassing the larger Indian town of Cannonball several miles away and the construction through the town of a paved road leading from a major north-south highway to the Oahe Reservoir have given Solen a new lease on life, however. The citizens have exhibited considerable initiative and courage in the drive to develop; they have already taxed and bonded themselves heavily to pay for their new school, and revenue bonds are being sold to cover the Farmer's Home Administration utilities project loan. The Solen School's four buildings will generate much of the needed system revenue in water usage payments, however, and the loan appears well secured.

Solen has gained a fine reputation among Indians for its efforts to integrate the 35% of its population which is Indian into its economic and social life. The school administration has actively sought Indian students from its large area of responsibility (not entirely due to charitable motives, of course) and has hired a competent staff of teachers for its modern facilities. Standing Rock is interested in supporting Solen's development plans in the future, and the utilities project is expected by most observers to play a catalytic role in the development of the town in the years ahead.

2. TECHNICAL ASSISTANCE PROJECT

a. North Dakota State University Center for Economic Development, Project No. 06-6-09245, 1969-1971.

The NDSU Center for Economic Development is an effort to provide continuing support to the development programs of each of the four Indian reservations and six EDA-designated counties in the State of North Dakota. The Center is funded by the EDA Office of Technical Assistance under a grant which is designed to pay administrative, travel, and salary costs for a staff of four and for part-time University consultants. The Center has concentrated on acting as a catalyst in the development of apparently feasible projects in the broadly defined field of community development. It is attempting to help assistance recipients to do their own development planning and implementation rather than to do it for them. The Center's twin objectives are to stabilize the rural community service systems and to further develop the agri-business sector in the target areas.

The Center has played a rather active role on the Standing Rock Reservation since 1969. It jointly sponsors a seven-volunteer VISTA program with the Standing Rock Tribal Council. Center specialists have reviewed the feasibility, formally or informally, of projects in Oahe commercial fish production, cooperative cattle production, housing production, irrigation farms, and retail businesses. Detailed feasibility studies have been performed on two cattle coops. Center specialists have also worked with Standing Rock planners on community development projects such as the Center for Indian Education. Efforts by the CED staff have been instrumental in securing funds from SBA, Farmers Home Administration, and OEO for Standing Rock projects.

The impact of the Center's activities is hard to assess because there is often little direct relationship between the Center and a project. The Center and its director, Dr. Robert Sullivan, are used as ready resources by Standing Rock leaders and as contacts for securing quality counseling in agricultural projects, but many of the discussions do not lead to definable projects or activities. A major Center goal is to develop credibility with leaders of Standing Rock and the three other target Reservations, and the Center has chosen to accomplish this by providing useful counsel in the design and development of those Reservation projects of interest to the Tribal Councils and planners. Impact will be attributable when projects planned with CED assistance get underway. A major benefit already realized, however, has resulted from the hard thinking encouraged by the Center's competent outside review function. Several projects which were not worth the time of the tribe were abandoned and the tribal leaders were able to concentrate on other projects having potentially greater impact.

The operations of a technical assistance group which exists to provide continuing counseling to Indian reservations are fraught with difficulties. The need to work with tribal leadership, primarily on projects designated by such leadership, requires a feeling of mutual trust and respect to exist between the two groups. And the group must perform on projects to justify its existence. But the work of a technical assistance group is of little long-term value unless it is grounded in sound thinking about the development resources and potential of the specific reservation. The work is particularly difficult if it is not done within the context of thorough feasibility review by the various funding agencies, for then the technical assistance group runs the danger of being perceived as an impediment to funding---which becomes the operational objective---rather than as an aid in preparing sound and well justified funding applications for projects really capable of improving living conditions. The Center for Economic Development appears to be operating in this difficult milieu rather well, given a particularly capable leadership at Standing Rock, a perspective focused on Reservation needs, and a rather capable (particularly in agricultural projects) staff with a growing record of service.

3. PLANNING GRANT

a. United Tribes of North Dakota Development Corporation District Planning Grant, Project No. 06-5-11014, 1968-1971

Each of the planners at the four Indian reservations in North Dakota (two at Standing Rock) is an "Economic Development Specialist" member of the staff of the UTNDDC. The Corporation, chartered in 1968, is a formal attempt to coordinate the activities of the component Indian Reservations, to represent the "United Tribes" in formal dealings with non-Indian resource and interest groups, and---increasingly---to take over and manage those activities for the benefit of North Dakota Indians in which a single central agency has an apparent advantage over individual reservations. The formal structure of the UTNDDC consists of a Board of Directors composed of the four Tribal Chairmen (soon to be expanded to eight Reservation representatives) and a salaried Director who together preside over the activities of the three staffs: the Planning Office, the UTND Training Center, and the Johnson-O'Malley (Education Funds) Office. The organization has its offices in Bismarck.

The history of the UTNDDC thus far has been shaped by the higher priority placed by its members on individual reservation needs than on coordinated State-wide programs. In those activities in which these two foci appear to merge, the corporation has played a role. But the planning staff in particular has effected a retrenchment to individual reservations, and the relationship between the UTNDDC headquarters (which has recently consisted of an office and an administrative assistant) and the planners, aside from reports and paychecks, has been on a situational basis. The UTNDDC may now be embarking on a new phase of its development. A new director has just been selected by the members, and the Board is to be increased to eight so as to enhance the chances of a quorum at meetings. The Board is interested in expanding the corporation's program by adding a Programs Office, taking over the operation of its own training center in July, (currently operated under contract by Bendix Field Engineering Corporation), and more actively coordinating inter-Reservation economic enterprises. The United Tribes concept will continue to be little more than a paper organization, however, until it is perceived by the often jealously autonomous reservations as filling a real need.

The current Standing Rock Representatives to the UTNDDC include tribal Chairman Melvin White Eagle and development specialists, Bob McLaughlin and Dave Gipp. When the Board of Directors is increased, Tribal Vice-Chairman Duane Claymore will probably participate on the Board. Standing Rock alone of the four North Dakota reservations has two planners or development specialists because it lies in two States.

The two Standing Rock representatives to the UTNDDC regard themselves as Standing Rock planners and regard the Reservation as the focus of their impact. There is little question in the mind of the evaluator that the salaries of these two individuals is generating the most impact per dollar of all the UTNDDC activities, yet their effort is studiously directed away from that organization. A primary reason for the chosen direction is that it is demonstrably easier to create measurable effects directly in a favorable local setting than it is to create them indirectly in a foreign environment which, in North Dakota, is even more highly politicized than are the individual reservations. And in the absence of any real control by the Executive Director of UTNDDC in Bismarck over people essentially selected by and responsive to local Tribal Councils, North Dakota Indian Reservation planners---especially those such as the Standing Rock and Fort Berthold planners who are actually doing something---will continue to participate in United Tribes activities only on a situational basis.

The major achievements to date of Bob McLaughlin and Dave Gipp are summarized in an earlier section. Jobs and income impact are yet to be created, since the planners are concentrating more on a complete development program than on discreet projects. A rough division of responsibility has been made between McLaughlin, concentrating on physical and economic development, and Gipp who is oriented more towards social and educational development.

RESERVATION REPORT

ZUNI PUEBLO, NEW MEXICO

A. Conclusions and Recommendations

B. Setting and Background

C. Project Analyses

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Background Summary

The Zuni Reservation is situated in the westernmost part of New Mexico, 40 miles south of Gallup. Its members have long been recognized as outstanding craftsmen. More recently, the tribe has gained national attention because of its selection by the Bureau of Indian Affairs (BIA) to prepare its own development plan and to undertake to govern its own affairs without BIA supervision. However, the Reservation lacks exploitable natural resources, contains but a single industrial plant, and is relatively isolated from economic growth areas. Consequently, unemployment and underemployment rates total over 60 percent.

Since 1967, EDA has approved 10 projects on the Reservation. Five of these focused on a 20-acre industrial park with air facilities; one project financed a training center now serving in addition as Tribal Headquarters; two projects for the provision of business loans to a firm were cancelled when the firm decided against locating on the Reservation; one purchase-order project allowed a feasibility study to be conducted, although the opportunity in question was abandoned subsequently; and a planning grant is currently funding two professionals.

Only minor income impact from these projects has occurred thus far. However, the projects have had and will continue to have important bearing on the economic development potential of the Reservation. The EDA projects have had positive influence on the local infrastructure, on capabilities and attitudes of the tribal leadership, on the financial position of the tribe, on skill levels of tribal members, and on tribal awareness of its resource limitations and economic expectations.

2. Conclusions

Discounting the two cancelled business loan projects, a total of $821,221 in grants and $69,000 in public works loans have been authorized by EDA to date on the Reservation. The total job and income impact attributable to these projects thus far amounts to about $70,000, all of which is credited to a single public works project (training center).

EDA's contribution to the economic development potential of the Zuni Pueblo has however been substantial. The major contribution has undoubtedly been to the local infrastructure. EDA projects have permitted the development of a 20-acre industrial park with an air field and a structure designed as a training center, but in addition serving as the tribal government headquarters. There are no other comparable facilities on the Reservation for plant location or for the conduct of training and tribal business.

The tribal leadership has remained relatively constant since 1965 under the direction of the Tribal Governor, Robert E. Lewis. The leaders admit to being more encouraged about their future because of the EDA grants they have received. The industrial park is the focal point for virtually all economic development planning activities, other than tourism.

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The training center houses all local government activity, including economic development, and includes the office of the Governor and meeting rooms for discussions among the tribal leaders. The tribe has found EDA representatives easy to work with and has sought their advice on many important economic development issues.

The tribe claims to have been able to secure loans and grants from commercial banks and other federal agencies with increasing ease since the involvement of EDA. They identify a new branch bank as an indicator of this trend. They particularly point with pride to their Zuni Plan which programs a 5-year flow of Federal and State funds involving 14 Federal agencies.

The EDA-funded training center is serving a major role in improving the skill levels of many tribal members. Some 25 Zunis are receiving on-the-job management training at varying levels (from accounting to maintenance) at the site. Over 100 additional Zunis have participated in some training or educational classes in the center. Future training projects will almost certainly be held in the center, particularly since alternative space is scarce on the Reservation.

Finally, the EDA projects have focused at the core of the economic development potential of the Reservation, and have caused the tribe to realistically assess its future potential and resources. Experience and insights gained in the course of project development are now being translated into new strategies for the 1970's.

Thus, EDA has made major contributions to the Zuni Pueblo which, although having generated only modest income and job impact to date, should have considerable impact on the long-term economic viability of the community. EDA has funded the development of a full-service industrial park which should prove to be the focal point of all future industrial development on the Reservation. The EDA-funded training center has already become the focal point of all tribal government and planning activities. Should the proposed commercial center be funded, EDA will have contributed a third focal point on the Reservation, in this case for shopping and commercial trade. *

While it is therefore apparent that the Reservation is making good use of public works grants and loans, the Zuni Pueblo has been unable to use the other program tools to equivalent advantage. A recent history of unusually productive Reservation planning efforts, culminating in the so-called "Zuni Plan", was accomplished without EDA assistance. The current planning grant will enable the salaries and expenses of two professionals to be paid for one year, but it is clear from discussions on the Reservation that these positions would have been funded in any event. The business loan projects on the Reservation were cancelled as a result of a corporate decision relating to the product to be produced by the Zunis, but no concrete action was taken by EDA to attempt to salvage the project or to offer an alternative one. The technical assistance project resulted in a useless, poorly executed report containing no conclusions or recommendations; and cost the tribe $5,500 because of improper guidance. EDA should have been monitoring the project and saved the tribe this unnecessary expenditure of tribal funds, as well as demanding a quality product from the consulting firm, which EDA had selected without tribal involvement.

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*This latter project was approved by EDA during the final report preparation.

The relationship between EDA representatives and tribal officials and representatives has been excellent. The Zuni Pueblo feels that the Agency makes more effort than most other agencies to come out to the Reservation and meet with tribal members, and that EDA representatives are generally easy for the tribe to talk with. The tribe has a common complaint that projects seem to take too long to fund and require an enormous amount of paperwork to prepare. They felt there was too much duplication from project to project which could likely be eliminated or greatly reduced.

3. Recommendations

The inability of the Zuni Pueblo to attract viable industry to the Reservation to date is perhaps the major area on which increased attention needs to be focused. Despite major achievements in overall planning, the tribe has not developed comparable programs to identify and attract sound economic opportunities. Those prospects which do come to the Reservation are seldom ideally suited to the tribe and clearly are not the best opportunities available. A concerted effort is therefore required to bring good industrial prospects to the attention of the tribe, and, conversely, Reservation advantages to the attention of industrialists.

The nationwide Industrial Conferences which are organized do not meet the needs of the tribe. The Zunis view these conferences as a "waste of money" in which the tribe "doesn't get to see the people they need to see." The trade fair approach utilized, with each tribe assigned a booth, is not proving to be an appropriate vehicle for permitting fruitful interaction between the tribe and the industrialists. Among their principal criticisms are: 1) the industrial representatives in attendance lack the power to make even interim decisions for their firms; 2) the tribe has no way of determining which firms it will have an opportunity to interact with; and 3) the setting is inappropriate for even preliminary contact to be made.

A second area in need of greater attention is the development of activities on the Reservation which focus on the tourist sector of the economy. The Reservation has many attractions which would appeal to daytime and overnight tourists. However, these remain only minimally exploited. There are no overnight indoor sleeping accommodations on the Reservation, despite its being on the most direct route connecting Phoenix and Albuquerque. Camping sites are also largely undeveloped. While the tribe is correctly fearful of misuse of the Reservation by outsiders (as exemplified by the abuse of tribal property and accompanying misbehavior of outsiders during the past Shalako dance held on the Reservation in 1970), a well-conceived recreation and tourism program could contain appropriate safeguards against these potential dangers.

The current high interest on the Reservation concerning the development of a commercial complex is certainly warranted. The present service sector is white-dominated, and there is little opportunity to keep monies in circulation within the Indian community. Lacking a resource base, there are also few opportunities for local initiative in establishing economic activities. Consequently, a commercial complex, if well developed and managed, could be an important source of opportunity for the community.

Accordingly, it is recommended that the Zuni Pueblo consider the following actions regarding economic development on the Reservation:

1. Accelerate efforts to locate suitable industries for the Reservation. Particular efforts should be made to meet with industrialists with plants in the Albuquerque and Phoenix metropolitan areas to identify regional opportunities which might be exploited. The tribe should also devote effort to identifying specific industry types which are most compatible with the assets of the Reservation, and to subsequently making contact with leaders in these industries. With specific regard to these assets, the tribe should take a hard, realistic look at those advantages which the Reservation has to offer to a profit-motivated outsider.

2. Continue with plans to develop the tourist potential of the Reservation. Particular stress should be placed on exploiting the location of the Reservation along State Highway No. 53. Strategically located signs near Phoenix and Albuquerque should convey the fact that this is a fast and scenic connection between these two cities. Camping areas for tourists and motel accommodations for all overnight travellers should be developed. However, it is advisable to first conduct some small feasibility studies to estimate the likely volume of traffic and the financial and management resources required to tap this potential market.

3. Investigate the possible uses of some of the more remote parts of the Reservation for summer-long overnight camping programs for youths. If properly designed and supervised, such programs could produce significant community income without appreciable expenditures for facilities and equipment and without harming the land and water resources of the Reservation.

4. All these above recommendations should be balanced against the tribe's willingness and readiness to accelerate economic development activities. The cost to the tribe in terms of cultural conflict and entry of large numbers of outsiders must be weighed against the benefits to be derived from increased income. Tribal leaders on the Reservation have demonstrated an awareness of this problem. It is important that such considerations be continually kept in the foreground.

B. SETTING AND BACKGROUND

1. Location

The Zuni Reservation is located in westernmost New Mexico and borders on the Arizona boundary. Zuni Village, the principal settlement on the Reservation, is 40 miles south of Gallup along State Highway No. 32. The most direct route between Phoenix and Albuquerque, State Highway No. 53, passes through Zuni Village. Phoenix is 359 miles southwest of the village and Albuquerque is 176 miles to the east.

2. History

First historical reference to the Zuni Tribe dates back to the early 1500's. Following the successful Spanish invasion of Mexico, an expedition moved north in search of the fabled "Cities of Cibola" or "Seven Cities of Gold". They came upon the Zuni village of Hawikuh in May 1539 and claimed it for the Spanish crown. A larger expedition led by Coronado conquered Hawikuh and the surrounding area, but found it devoid of the anticipated wealth.

Attempts at Spanish settlement followed. Sheep, cows, and horses were introduced, altering the economy of the area which had been agricultural in nature. A mission was established at Hawikuh in 1629. In 1670, Hawikuh was raided by the Apaches and destroyed, the people deserting the village. Hawikuh was never re-established; instead, the village of Halona further north was developed as the main settlement (on the present site of the Village of Zuni).

The Spanish era closed in 1821 followed by a period of Mexican Government rule for 27 years. Following the Mexican War, a treaty of peace granted possession of their land (some 17,636 acres) to the Zuni Tribe under Spanish land grants. The United States Government subsequently explored the land and established roads, schools, and outposts. The Reservation was established by Executive Order on March 16, 1877. Additions were made to the Reservation until the Zuni Pueblo now encompasses some 407,247 acres.

The population of the Zuni Pueblo was estimated at 2500 in 1680. Disease and epidemic reduced the population to about 1640 in 1910. The Zuni Pueblo has grown steadily since then, reaching about 4300 persons in 1960 and over 5000 persons by 1970. The Village of Zuni is the center of all cultural and religious life. There are four outlying farming communities which are active only during the summer months. Zuni is the official language of the tribe, and has no known linguistic relation to other Indian languages.

3. Economy and Resources

The economy of the Zuni Reservation is very restricted. There is only one industrial plant on the Reservation, Electronics Assembly Inc., with a present authorized labor force of 140 (although there were only 124 positions filled at the date of the field visit). This plant assembles components for industrial tape recorders for its parent firm, the Ampex Corporation. A 1969 locally-conducted survey of a sample of households on the Reservation revealed that annual income to the Reservation's population totaled $2.7 million. Of this total, 40 percent ($1.1 million) was earned from sales of arts and crafts work produced by some 100 full-time and almost 1000 part-time silversmiths. Public sector employment accounted for 21 percent ($575,000) of the total. Private employment, including the jobs in the electronics plant, accounted for 25 percent ($687,000) of the total. Agricultural and cattle-related income generated only six percent of the total ($163,000). Welfare payments and pensions and retirement benefits amounted to seven percent ($192,000).

In terms of individual income, of the total labor force of 1,410, only 55 jobs (four percent) earned $4000 or more. These jobs were primarily with the Bureau of Indian Affairs (BIA) or the Public Health Service (PHS). An additional 190 jobs (13 percent) paid between $3000 to $3999. Of these 245 jobs paying at least $3000, 85 were silversmiths, 75 were in public employment, and 75 were in private employment (mostly at the plant). The remaining 10 high-paying jobs were from cattle-raising and related sales. The median employee earned $1600 annually; the median family income was $3560 annually. Some 70 percent of the families on the Reservation earned incomes below the poverty level.

The Reservation has virtually no lumber or mineral resources which can be exploited commercially. Range land is abundant, but represents only a minor source of tribal income. A number of lakes and wooded areas (and associated fishing and hunting) on the Reservation jointly represent a potential tourist and recreational development opportunity. Historic sites on the Reservation and nearby tourist attractions further enhance this opportunity. The tribe considers its underemployed, but hard-working and dexterous work force to be its major resource.

The current level of unemployment can be estimated at roughly 50 percent with at least another ten percent of the employed labor force being underemployed.

The present service sector of the Reservation consists of three white-owned trading posts, a white-owned gasoline station, a Mexican-owned barber shop and a laundromat. Most social recreation on the Reservation (dances and movies) are church-sponsored. A fair grounds area exists but is not extensively used. It is estimated that roughly 85 cents of each dollar earned is now spent off the Reservation, primarily in Gallup.

4. Tribal Government

In earlier times, the social, religious, and economic life of the Zuni Pueblo was integrated, and the dominant authority was vested in the religious group. In order to deal with the Zunis in civil matters, the Spanish established a Pueblo Council consisting of a Governor, Lieutenant Governor and Tenientes (councilmen). These positions were appointed by the religious leaders until 1935 when under provisions of the Indian Reorganization Act, new leaders were elected by vote of the male population. Women were permitted to vote for the first time in 1965.

The present Tribal Council consists of a Governor, a Lieutenant Governor and six councilmen. A recent change in electoral procedures calls for the election of the Governor for a 4-year term, with a maximum of two successive terms for any individual. In 1970, the tribal government was given responsibility for all functions formerly performed on the Reservation by the BIA Superintendent. Those BIA employees who chose to retain their jobs now are responsible to the Tribal Governor.

The current Tribal Governor, Robert E. Lewis, has held his position since 1965. He is now serving his first 4-year term. The current council includes four new members, two who defeated incumbents and two who ran for vacated slots. The Governor is the only paid official at present. He is very popular, both on the Reservation and in neighboring areas, and has risen to national prominence among Indian leaders. The Council appears to be in general agreement with the philosophy and programs developed by the Governor, and little conflict exists among the governing body.

5. Community Development

The Office of Economic Opportunity (OEO) funds the community action program and has been actively involved on the Zuni Reservation since 1966. OEO projects have included the organization of the Zuni Craftsmen Association, the Zuni Legal Aid and Defender Society, a cultural enrichment program, a Head Start Project, and administrative and bookkeeping assistance. The tribal planner was supported until recently with OEO funds. In recent months, there has been growing opposition to certain OEO activities---primarily the legal aid program---by tribal leaders, who see these activities as creating a potential challenge to the tribal government itself.

The activities formerly performed by the Bureau of Indian Affairs (BIA) are now under the supervision of the tribal government. Funds are still however derived from BIA for these functions, which include range management, road repair and maintenance, administrative services, managerial training, and provision of welfare and unemployment assistance.

The tribe is involved in sponsoring a number of training activities through Department of Labor (DOL) programs. These include Public Service Careers, Concentrated Employment Program, and Jobs-70 Program. A total of 82 individuals are currently receiving training through these programs, in such areas as construction, basic education, and administrative and support services.

A 42-bed Indian Public Health Hospital is operated on the Reservation by the Public Health Service (PHS). Other Reservation activities of PHS include social work, free optometry services, community health projects, sewer system development, and career training in the health field.

Turnkey housing and mutual-help housing are presently being constructed on the Reservation by the local Housing Authority utilizing funds from the Department of Housing and Urban Development (HUD). Agricultural and home economics assistance are provided through the Extension Program of the University of New Mexico.

6. The "Zuni Plan"

In 1962, the Zuni Tribal Council submitted its first Overall Economic

Development Program (OEDP) to the Area Redevelopment Administration, the predecessor agency to EDA. Among the problem areas identified were lack of information concerning the economic resources of the Reservation, inadequate public facilities, lack of prepared industry sites, need for community facilities, need for training of labor force, and inadequate use of recreation facilities.

Major tribal efforts toward confronting these problem areas did not, however, occur until the election of Robert E. Lewis as Governor of the tribe in 1965. Governor Lewis was a strong advocate of visible government, responsive to the needs of the community. Accordingly, one of his first official acts was authorizing a house-to-house skill and desire survey to assess the labor force and to identify community priorities. The results of this survey was a "Christmas list" of some 131 tribal short-range goals. Some 40 of these goals dealt with economic activities, most commonly the establishment of a specified commercial establishment (supermarket, laundromat, dry cleaners, record shop, etc.). Another 40 goals dealt with infrastructure improvements (a bridge, sewage treatment, public hospital, etc.) and related community beautification (zoning, clean up river, street lights, etc.). Roughly 30 goals dealt with recreation and tourist development projects, ranging from outside basketball courts and miniature golf through motels and restaurants. The remaining goals focused on a wide variety of governmental and social concerns.

Based upon this list, the first Zuni Plan was developed, calling for "24 projects in 24 months for economic, social, and community progress". The major goals treated in the Plan were (1) more efficient tribal government, (2) community improvement, (3) increased tribal income, and (4) increased job opportunities at Zuni. Specific projects included tribal reorganization, sewer lagoons, street improvement, increased fire and police protection, self-imposed property and sales taxes, land reform, development of recreation and tourism, development of an industrial park and shopping center, establishment of a revolving loan fund, and tribal assumption of more functions now performed by State agencies. As of 1971, some 90 percent of these 24 projects had been implemented in whole or in part.

In July 1968, the Bureau of the Budget in Washington, D.C. recommended to the Bureau of Indian Affairs that a tribe be selected as a demonstration to prepare its own Reservation Plan for guiding future development. Criteria utilized for selection by BIA were (1) tribal leadership, (2) relative isolation, and (3) small population. The Pueblo of Zuni was designated as the choice. With BIA funds, the Zuni Tribe enthusiastically set to work on their Plan. It was completed in July 1969 under the title Zuni Comprehensive Development Plan. Some 43 projects were designated for accomplishment within a 5-year time frame, and 14 Federal agencies were identified as potential sources for supporting funds. A total funding requirement from these agencies of $48,813,400 in grants and $3,949,500 in loans was outlined; plus additional State contributions of $442,000, private funds of $642,600, and local cash and in-kind payments of $1,531,600, for a total development cost for the 5-year period of $55,379,100.

This 5-year Zuni Plan was presented to the respective agencies in Washington, as well as at the White House. The tribe received wide spread endorsement and encouragement from these agencies. Equally significant, the success with the Plan was instrumental in activating negotiations with the Bureau of Indian Affairs for the tribal takeover of supervision and administrative responsibilities of BIA-funded activities on the Reservation. Negotiations began in March 1970 and culminated in an agreement in May 1970. Two months later, the Tribal Governor assumed the duties of the local BIA Superintendent in addition to his other responsibilities.

Thus, the Zuni Tribe entered the 1970's in the unique position among Indian Reservations of having developed its own comprehensive development plan and having major responsibility for the implementation of the plan. As such, the Zuni Pueblo is being closely watched by Indian leaders and by Federal officials in an attempt to learn whether the Zuni experience can and should serve as a prototype for other tribes.

C. PROJECT ANALYSES

The following EDA projects have been funded (or are being considered for funding) on the Zuni Reservation:

Type and Nature of Project	Project No.	Date	Funding	
			Grant	Loan
1. PUBLIC WORKS PROJECTS				
a. Black Rock Industrial Park				
1) Water Lines and Streets	08-1-00548	1967	$152,800	$38,200
2) Supplement	08-1-00548-01	1969	32,000	8,000
3) Sewage System	08-2-00564	1967	39,500	15,800
4) Supplement	08-2-00564-01	1969	18,000	7,000
5) Improved Airfield	08-1-00870	1969	196,000	
b. Training Facility	08-1-00758	1968	254,400	
c. Commercial Center	08-1-01060	1971	100,000	
TOTAL APPROVED			$792,700	$69,000
2. BUSINESS LOAN PROJECTS				
a. Electronics Assembly Firm				
1) Business Loan	08-3-00578	1968	cancelled	
2) Working Capital Guarantee	08-4-00579	1968	cancelled	
3. TECHNICAL ASSISTANCE PROJECT				
a. Leather and Textile Study	08-6-09256	1969	$ 2,500	
4. PLANNING GRANT				
a. Administrative Expenses	08-5-15005	1970	$ 26,021	
TOTAL APPROVED			$821,221	$69,000

Detailed project-by-project descriptions and analyses follow:

1. PUBLIC WORKS PROJECTS

a. Black Rock Industrial Park
   1) Water Lines and Streets, Project No. 08-1-00548, 1967
   2) Supplement, Project No. 08-1-00548-01, 1969
   3) Sewage System, Project No. 08-2-00564, 1967
   4) Supplement, Project No. 08-2-00564-01, 1969
   5) Improved Airfield, Project No. 08-1-00870, 1969

These public works projects were used to develop a 20-acre industrial park with air facilities at Black Rock, New Mexico on the Zuni Reservation three miles east of Zuni Village. The first project (08-1-00548) was approved in August 1967 to install a water system for the park and to construct streets. The total project cost of $191,000 was financed by EDA through a $152,800 grant (80 percent) and a $38,200 loan (20 percent). A complementary project (08-2-00564) was approved in September 1967 (three weeks later) for developing a sewer system for the park. This second project cost $79,000 of which EDA financed 70 percent through a $39,500 grant (50 percent) and a $15,800 loan (20 percent). The remaining $23,700 (30 percent) was financed by a grant from the Federal Water Pollution Control Administration (FWPCA) for sewage-treatment facilities. To cover project overruns, two supplemental projects were approved in June 1969: a $32,000 grant and an $8,000 loan for the water and road project and an $18,000 grant and a $7,000 loan for the sewer project. Thus, a total of $311,300 in EDA funds, $242,300 in grants and $69,000 in loans, was approved on these projects. The work on the industrial park site was completed in early 1970.

In addition, in April 1969, a fifth project relating to the industrial park (08-1-00870) was approved by EDA. This project was designed to improve an airfield adjacent to the industrial park. Specifically, the project included reorienting, paving, lengthening, and lighting of a 4800 foot x 50 foot runway, construction of a tie-down apron, and erection of a fence. Project costs amounted to $245,000 of which an EDA grant covered $196,000 (80 percent). The remaining $49,000 (20 percent) included a $15,000 grant from the New Mexico State Aviation Board and a local in-kind contribution (land) valued at $34,000. This project was completed in early 1971.

To date (March 1971), there is only one plant located at (or near) the industrial park. This plant, Electronics Assembly Inc., has been located at the same site since 1967, and hence predated the industrial park. In fact, the industrial park was built around the plant. Early EDA in-house evaluations credited jobs at the plant to the industrial park projects. However, detailed discussions with the plant manager, the Reservation planner, and the Tribal Governor clearly indicated that no causal relationship between the plant location and operation decisions and the EDA projects existed. The plant, originally called Ami-Zuni Corporation, was constructed for Aircraft Mechanics Inc. by the Zuni Pueblo utilizing a loan from BIA's revolving loan fund. The firm, which at the time was producing computerized memory cores for aircraft, was undergoing a search process for a new plant in 1967 and subsequently met Governor Lewis. An agreement was reached to bring 25 Zunis to the main plant in Colorado Springs and test them through two weeks of on-the-job training. The test results were encouraging and a decision was made to locate on the Reservation. The plant is strictly for assembly, has no water or sewage needs, but rather requires an available young labor force (mostly female) who have natural talent for hand assembly of small components. Therefore, the attraction of the Reservation was really two-fold: 1) an available and suitable work force and 2) a new building furnished by the tribe. The major client for the plant's products, the Ampex Corporation, subsequently bought the plant from Aircrafts Mechanics Inc. when the latter firm ran into corporatewide financial difficulties. The name was changed from Ami-Zuni Corporation to Electronics Assembly Inc. There are currently 119 direct labor employees (90 percent Zuni, and 10 percent Navajo from nearby Ramah), and 5 white supervisors. The budget authorizes a current work force of 140. The quality of workmanship (as measured by numbers of rejections) is extremely good, although absenteeism has been a continuous problem (as high as 35% on some Mondays). The plant, being the only industry on the Reservation, has been the target for much local gossip--especially when someone is dismissed. As a result, the plant has sometimes had difficulty in filling vacancies (as exemplified by the current 20 unfilled slots).

No firms have moved to the industrial park area since the development of the five EDA projects. One firm, Dittmore-Freimuth, was scheduled to locate in the park utilizing two approved EDA business loans. However, the firm decided against the move at a late date (see discussion of the business loans immediately below). Current prospects include an aircraft rehabilitation and commercial air service enterprise, a wooden box factory, a wood camping shelter components manufacturing operation, and a plastic milk dispenser manufacturing operation. None of these prospects were definite at the time of the field investigation.

It is the policy of the Zuni Pueblo to seek out only firms which are clearly stable. The tribe wants to share in the profits, as well as exercise some control over the quality of production. It considers its major assets to be a hard-working, available labor force, available training programs, good tax incentives, and a willingness to construct a required plant with adequate facilities. There is a general feeling that one electronics assembly plant is enough for the Reservation. A major need exists to find jobs for older, less dexterous tribal members, who are not suited for hand assembly of miniature components.

The tribe has been generally dissatisfied with those industrial conferences they have attended which are supposedly designed to bring industry representatives and Indian Reservations together. Those persons who attend as industry representatives are rarely the key decision-makers in their respective firms. Furthermore, there has not been a satisfactory vehicle developed for bringing tribal and industry representatives with common needs together. Other forms of industrial outreach attempted by the Zuni Pueblo have also proven unsuccessful to date. While there is optimism that industry will in time come to the Reservation, there is good evidence to support the need for a much more concentrated effort to identify and to attract industry to the park at this time.

b. Training Facility, Project No. 08-1-00758, 1968

This public works project permitted the construction of a modern one-story building in Zuni Village fronting on State Highway No. 53 for proposed use as a training center for the Reservation. An EDA grant of $254,400, approved in October 1968, financed 80 percent of the total $318,000 project. The remaining $63,600 (20 percent) was contributed by the tribe in cash ($18,600) and in-kind (land valued at $45,000). The center was designed with major tribal inputs and completed in July 1970 (coinciding with the tribal assumption of former BIA activities on the Reservation.)

To date, almost 100 members of the tribe have received some form of training in the facility. Included have been a week-long program to train ten census workers, a 40-hour managerial training workshop for all government interns, a basic education course to prepare 20 Zunis for the high school equivalency examination, coursework on local history and culture, a week-long community discussion on education, an accounting course for office workers, and numerous ad hoc meeting.

The Home Extension and Agricultural Extension Services of the University of New Mexico maintains offices and a demonstration room with kitchen in the building. Annual rent of $800 is paid to the tribe for the space. There are 3 full time employees and 2 summer aides on the staff. The two primary slots (agriculture extension agent and home demonstration agent) are held by whites who reside on the Reservation. A full-time secretary and the two aides are Zunis. The same size operation existed prior to the new building, with these functions being provided from the old BIA office at Black Rock. Hence no job impact is attributable to the EDA project. However, the enlarged space has permitted the enlargement of services offered. Some 12-15 classes are held each month utilizing the kitchen facility. An active 4-H Program is now underway. The office is used by the Zuni ranchers for livestock meetings and conduct of business.

The Zuni Craftsmen Cooperative Association maintains a display and salesroom in the building. No space was, however, allocated to them for training, as had been programmed in the original application to EDA. A staff of five individuals, a white manager (recently hired) and four Zunis, operate this facility. No records exist on volume of sales in the new location (they were formerly located in a smaller, less prominent structure elsewhere in Zuni Village), since there was a period of mismanagement followed by several months of operation without any manager (an OEO lawyer attempted to run the shop in the interim period). Estimates are that the association currently has annual sales of about $125,000 of which 60 percent is wholesale trade. It can be estimated that roughly $25,000 in increased annual sales can be attributed to the new, centrally located facility. Two new sales jobs with annual incomes totaling $7000 ($3500 each) are made possible by these increased sales.

On November 2, 1970, a branch bank of the First State Bank of Gallup opened on the Reservation in space within the Training Center. It is open two days each week and employs two persons, a Gallup bank employee and a white resident of the Reservation. While the Training Center provided a choice location for the branch, the Bank was committed to locating on the Reservation and had plans to locate in the nearby Trading Post. Hence, these part-time jobs cannot be attributed to the EDA project. The Bank is losing money at this location and anticipates that it will be several years before the branch shows a profit. It was their second branch bank located on a reservation, the first being on the Navajo Reservation at Crown Point. The selection of the Zuni Pueblo for a branch operation was influenced by a decision to develop a long-range program of introducing "banking habits" to Indians, a legal requirement to stay within the county, and a positive attitude toward the tribe and its leadership. The Bank pays the tribe $3000 in annual rental for the space.

The project, as proposed, was to (1) meet the training needs of the two electronics firms then located on the Reservation (Ami-Zuni and Dittmore-Freimuth); (2) provide space for arts and craft sales and display and for an associated training program; (3) provide space for home demonstration, nursing, and child care courses; (4) serve as a tourist information center; and (5) provide meeting space for the tribe's development activities. With the tribal assumption of the BIA function, however, the training functions were de-emphasized to some degree and more space within the building assigned for governmental functions. In fact, the building is officially designated as "Tribal Headquarters", and serves as the focal point for the tribal government activity. In defense of this alteration of the primary use of the building, Governor Lewis argues that, because of the newness of tribal self-government, the entire government activity should be viewed as "one big training program". In support of this claim, there are in fact government interns operating in virtually all departments.

Specifically, roughly 40 percent of the indoor usable space of the building is allocated to daily government activities. One large room, which is used for large meetings, training sessions, and assemblies, occupies about 30 percent of the remaining space. Other usable space is allocated for agricultural extension and home demonstration services (13 percent), arts and craft sales (eight percent), and a commercial bank branch office (six percent).

Prior to the construction of the building, governmental activities were centered at the BIA complex at Black Rock, three miles east of Zuni Village. There was little space available for even small meetings and the distance from town tended to produce a communication gap between the government and the people. With the consolidation of government in the Training Center in Zuni Village there has been a noticeable improvement in both the frequency and quality of community-government interaction. Much of this change is of course credited to the expanded role and duties of the Tribal Council and particularly of the Governor. However the visibility of the government and its consolidation in a single location and in a new, modern facility has proven to be a source of considerable community pride and has fostered greater citizen participation in government activities. Plans are now being discussed to construct an annex which will house social service activities.

Through Public Service Careers and the Concentrated Employment Program of the Department of Labor and BIA training funds, an extensive training effort is underway to prepare Zunis for jobs in the expanded tribal government. There are some 25 jobs in the Training Center associated with tribal government functions which never existed before, of which 22 are filled by management trainees. It is difficult to gauge the number of these jobs which were contingent upon the existence of the facility itself, although it is unlikely that the government would have expanded so rapidly without the new building to house it. Clearly, those new jobs specifically related to the building itself can be counted. These include five full-time jobs (a property managment trainee, three janitors, and a switchboard operator) with annual incomes totalling $21,500. All five jobs are held by Indians who were previously unemployed or underemployed. In addition, the General Services Administration (GSA) pays the tribe $18,555 annually as rental for space utilized by former BIA employees who have remained as tribal employees. This money is in turn used by the tribe to pay salaries for some additional new employees.

c. Commercial Center, Project No. 08-1-01060, pending*

This proposed public works project is designed to provide facilities for the establishment of commercial retail sales and services not now provided on the Reservation. Specifically, the project consists of the shopping center site preparation, access road and parking lot construction, extension of water and sanitary services, and on-site distribution of electric power. The proposed financing of the project includes an EDA grant of $100,000 (80 percent of total project costs) and a local in-kind contribution of $25,000 (20 percent) in the form of land and right of ways. The proposal was submitted in late 1971 and is currently being processed.

The present service sector of the Reservation consists of three white-owned trading posts, a white-owned gasoline station, a Mexican-owned barber shop, and a white-owned laundromat. Most social recreation on the Reservation (dances and movies) are church-sponsored. A fair grounds area exists but is not extensively used. It is estimated that roughly 85 cents of each dollar earned is now spent off the Reservation, primarily in Gallup.

The types of establishments the tribe would like to see developed in the commercial center include a supermarket, a motel and restaurant complex, a beauty salon and barber shop, and a motor vehicle dealership. Stress is placed on long-term Indian ownership and management of these establishments, although short-run (say five-year) white management is acceptable to the tribe.

The current plan calls for the location of the commercial center on State Highway No. 53 immediately south of Black Rock, some three miles from Zuni Village. This location has the support of the Tribal Governor and most of the Council. However, there is some opposition to the site on the grounds that it is too far from Zuni Village. An alternative site, the current fairgrounds area, also on State Highway No. 53 but closer to Zuni Village has been suggested.

This project, if approved, should have considerable long-term job and income impact on the Zuni Pueblo. It will complement nicely the other economic development activities on the Reservation and complete the infrastructure required by the tribe for full development.

2. BUSINESS LOAN PROJECTS

a. Electronics Assembly Firm
   1) Business Loan, Project No. 08-3-00578, 1968
   2) Working Capital Guarantee, Project No. 08-4-00579, 1968

These two business loan projects were designed to permit the Dittmore-Freimuth Company to operate an assembly plant on the Reservation. A business loan of $33,000 was authorized in April 1968 for the construction of a plant at the industrial park. In the same month, a working capital guarantee was authorized to cover a $144,000 loan with the Merchants Bank in Gallup. However, the company chose not to go through with their plans and the loans were subsequently cancelled.

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*This project was approved by EDA during the final report preparation.

Dittmore-Freimuth, a subsidiary of Universal Telephone of Milwaukee, had planned to assemble electronic components for communications equipment at the Reservation. They in fact did establish a small scale operation at Zuni, utilizing the present Head Start Building, and trained and employed a staff of nine as a preliminary step toward the larger scale operation. However, the corporation research-and-development efforts failed to develop a successful prototype of the system the Zunis were to produce, and an alternative product line was not immediately available. Furthermore, at this time (mid-year 1970) a corporate decision was reached to abandon their decentralization process and to instead consolidate all production activities in eight large plants which were already in operation. Therefore, plans for the Zuni plant were abandoned, and the small scale operation closed down in November 1970.

3. TECHNICAL ASSISTANCE PROJECT

a. Leather and Textile Manufacturing Study, Project No. 08-6-09256 1969

This technical assistance project was designed to study the feasibility of establishing a leather and textile manufacturing plant near the Reservation for the production of leather goods with Indian motifs. The project was conceptualized in discussions between the tribe and a local trader. The latter claimed there was a ready market for these goods and wished to employ Zuni craftsmen to produce them. To establish feasibility, a request was made to the EDA Regional Office at Austin, which in turn assigned the work to Ernst and Ernst utilizing a $2,500 purchase order in August 1969.

The work commenced, and after a period of time, the consultant informed the tribe that an additional $5,500 was needed to complete the study. The tribe, believing that funds would be available, told the consultant to complete their work. Two weeks later, a final report was presented to the tribe. EDA refused to pay the $5,500 from its own funds.

The report itself was clearly deficient. There was virtually no written analysis and no conclusions or recommendations drawn. In fact the report ended with a self-disclaimer of its own information sources. The report essentially consisted of a set of 13 financial charts covering cash flow requirements, sample balance sheets, and inventory accounts. The figures used were based upon 10 questionable assumptions--all offered without adequate analysis--the most shocking of which was a principal assumption that all production would be sold without any supporting market data. In short, the study was poorly done and highly overpriced.

At the time of the study, the trader found himself in personal troubles as a result of a traffic accident. In addition, he was unable to come up with any definite commitments for orders, as he had promised, nor with any data which would demonstrate that a market really existed for the proposed product line. The tribe wisely decided not to pursue the venture with the trader further.

Lacking any useful insights from the report, the tribe did not pursue the general economic opportunity any further.

4. PLANNING GRANT

a. Administrative Expense Grant, Project No. 08-5-15005, 1970

This planning grant will provide the Zuni Pueblo with $26,021 to be used primarily to pay the salaries of two professionals for calendar year 1971. The grant was approved in December 1970 and is matched by local contributions of $4,073 in cash and $4,750 in-kind (office space and materials). Thus, the EDA contribution is 75 percent of the total cost of $34,844.

As proposed, the grant was to be used to support an economic development director ($13,500), an economic development planner ($7,718), and a secretary ($5,271); and in addition, cover certain consultant services ($2,000), travel ($1,780) and office expenses ($4,575). Since approval, the tribe has decided to hire a more qualified economic development planner and pay a higher salary for the position. To cover the additional cost, the tribe will pay the salary of the secretary with its own funds.

The economic development director will continue to be John Taylor, who was formerly paid with OEO-funds. Taylor has been with the tribe since 1968, and was originally referred to them by the local BIA Superintendent. He works closely with the Tribal Council and particularly the Governor, and has gained their respect and confidence. The economic development planner is Murray Yatsattie, a Zuni and recent graduate from the state university. He is enthusiastic about his job and stays abreast of all developments.

The Zuni Pueblo has an impressive recent history in conducting planning and related activities, and this grant will enable this work to continue. While OEO would in all likelihood have continued to support the staff, it is more appropriate for EDA to be providing these funds for economic development activities. The tribe is hoping that this grant will be renewed annually.

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APPENDIX A

FIELD PROCEDURE

With the detailed proposal for this evaluation as the base, a series of meetings were held with EDA officials to identify the informational needs for the study. It was determined that structured questionnaires and interview guides were inappropriate for use on the reservations as a means for gathering data and insights on economic development experiences and needs. It was decided that an open-ended, unstructured interviewing process would yield better results. Accordingly, a set of interview guides was developed to serve as a core framework within which to conduct the various interviews and as a check list to insure that all relevant information was obtained during the visit to each reservation. These guides established the framework for gathering information concerning (1) the resources and setting of each reservation; (2) the role of Federal programs on each reservation; and (3) the detailed background and impact of each of the four EDA program tools (public works, technical assistance, business loans, and planning grants) as applied on each reservation.

With these information guides, each reservation was visited by a single field evaluator for a week-long period (or less time for reservations with fewer projects to evaluate and activities to assess). In addition, each of the three EDA Regional Offices which had reservations to be evaluated was visited to determine the relationship between these Offices, the various reservations, and the Selected Indian Reservation Program, and to gain additional insights into the strengths and shortcomings of the various program tools in addressing the economic needs of the reservations.

The information guides utilized by the field team follow.

(1) INFORMATION GUIDE

SETTING/RESOURCE ANALYSIS

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INFORMATION GUIDE

SETTING/RESOURCE ANALYSIS

I. History of the Reservation

1. What have been the traditional means of livelihood on the reservation?
2. What cultural values have historically influenced the attitudes and actions of the reservation?
3. What are the leadership and tribal organization patterns on the reservation?
4. How is the reservation making the transition to "modern economy?" How does the tribe's history influence this transition?
5. What has been the relationship between this reservation and the "whites;" in particular, what has been the relationship between the reservation and the government?
6. What has been the relationship between this reservation and other Indian tribes?

II. Relevance of the Past Five Years: 1966 - 1970

1. What economic changes have taken place on the reservation during the past five years? What economic changes in the broader community have had particular effects on the reservation?
2. What social and cultural changes have taken place on the reservation during the past five years?
3. What physical changes have been made on the reservation?
4. What leadership changes have taken place? Discuss both changes in attitudes toward leadership and changes in tribal organization.
5. In addition to changes in attitudes toward leadership, what other attitude changes have taken place on the reservation during the past five years?

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III. Survey of Economic/Social Infrastructure

1. Describe the reservation in terms of its physical plant; i.e., what exists in terms of roads, schools, hospitals, housing, sewage and other waste disposal systems, etc.

2. What are the constraints to further development of the physical plant of the reservation?

IV. Survey of Manpower Resources

1. What is the size and makeup of the population of the reservation?

2. What is the size of the (potential) current work force? How does this work force break down in terms of age of work force, sex, etc.?

3. How many skilled individuals are on the reservation? What types of skills do they possess (trade, managerial, etc.)?

4. What training programs are currently available on the reservation to upgrade the labor force?

5. What training programs existed on the reservation during the five year period from 1966 through 1970?

V. Survey of Natural Resources

1. What natural resources exist on the reservation?

2. Which of these natural resources have been exploited? To what extent?

3. What are the latent natural resources on the reservation? What are the barriers to their exploitation?

VI. Proximity to State and/or Regional Growth Area

1. What is the distance, in mileage, between the reservation and the nearest growth center (either state or regional growth center)?

2. What is the travel time to this growth center from the reservation? By car? By truck?

3. What "spillovers" have occurred from the nearest growth center to the reservation? (i.e., how has the growth of the center affected the reservation?)

4. What barriers have there been to this spillover taking place? What are some possible solutions to these problems?

VII. Income Sources

1. What portion of the reservation's income derives from the employment of its population? Of the portion derived from employment, how much is from the employment of Indians? Non-Indians? Discuss the employment picture in terms of: (1) who on the reservation is employed; (2) where they are employed (in particular, firms run by Indians or "whites"); and (3) wage rates of employees.

2. How much of the reservation's income is provided by welfare?

3. What are the other sources of the reservation's income?

VIII. Service Sector

1. What goods and/or services can be purchased on the reservation? Which of these are purchased from Indian entrepreneurs?

2. Where is the tribal income spent? How much of the reservation's income flows to Indian entrepreneurs?

3. What steps are being taken to enhance or develop the service sector on the reservation?

4. What have been the barriers to the growth of the service sector? What are some possible solutions to these problems?

IX. Economic Development "Organization"

1. What planning capability is available on the reservation? What is the makeup of the planning staff?

2. What has been the extent of the tribal leadership's involvement with the planning effort?

3. Discuss the OEDP. What has been its usefulness in the economic development of the reservation?

4. What Action Plans have been developed for the reservation? How have these been used to enhance economic development?

5. What role have "poverty" organizations such as OEO played in the economic development of the reservation?

6. What has been the role of B.I.A. on the reservation?

7. Are there any local development organizations? Have they effected any change in the economic development on the reservation?

(2) INFORMATION GUIDE

ROLE OF FEDERAL PROGRAMS

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INFORMATION GUIDE

ROLE OF FEDERAL PROGRAMS

1. Specifically, what Federal (and State) assistance has been received during the previous ten year period, from 1961 through 1970?

2. Which Federal (and State) programs have been most useful to the reservation in achieving social and economic development, in the broadest sense? Why have these programs been useful?

3. Which Federal (and/or State) programs have been most detrimental? Why?

4. Specifically, of what value are (have been/will be) the following EDA program tools to the reservation?

   * planning grants

   * public work projects

   * technical assistance projects

   * business loans

5. Have existing incentive programs worked in attracting outside dollars to the reservation?

6. What programs in the economic development area which are currently not available would be of most value to the reservation?

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(3) INFORMATION GUIDE

PUBLIC WORKS PROJECTS

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INFORMATION GUIDE

PUBLIC WORKS PROJECTS

Summary

The Public Works Program is designed to provide infrastructure for distressed areas which will increase their attractiveness to new industrial opportunities or will encourage existing industries to stay in the area. Both grants and loans are available. As a consequence of a January 1971 directive, Indian projects may now receive 100% grants (as opposed to the former 80% limit). Only the non-revenue portions of a project are eligible, however (thus in a commercial park project, only those buildings not related to tourist or general merchandise sales are subject to funding).

The types of projects vary widely, and include industrial and commercial parks; bridges and roads; skill centers; cultural (community) centers; water and sewer; docks, piers, and wharves; airport facilities; and non-revenue producing recreational development. Under the "poverty clause" of the EDA Act, projects can be built even if they have no intended economic development benefits, so long as they meet some urgent need of the target population. (Thus, 17 community buildings have been funded to provide meeting space for tribal groups.) However, most projects are designed to produce immediate and longer term job impact and possibly income impact from a stimulated economy. Jobs to Indians and Indian businesses, per se, are especially desirable.

Public works projects, by virtue of providing a needed and costly section of infrastructure, are also likely to have impact on development potential of the reservation as reflected in changes in attitudes of tribal leadership, better planning and project coordination, and ability to finance future efforts.

Project Description

For each public works project, the following information should be obtained:

1. Project Timing

   a. date of conceptualization (estimate)
   b. date of application
   c. date of approval
   d. date of construction start
   e. date of project completion

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2. Project Cost

    a. total project cost
    b. amount of EDA contribution
    c. grant or loan?
    d. type of local matching contribution (funds versus in-kind by type)
    e. breakdown of project cost by significant components, as appropriate

3. Project Actors

    a. who was initiator of project? (planning grant, technical assistance, tribal chairman, etc)
    b. who wrote application? role of EDR?
    c. who signed application?
    d. who represented tribe in negotiations?
    e. who owns project?
    f. who manages (maintains) project?

4. Project Output

    a. description in output terms (cu ft per day, cars per peak hour, users per day, etc)
    b. list of project beneficiaries (firms, groups of individuals, institutions)
    c. type of benefits by beneficiary class
    d. quantify benefits using output terms
    e. draw map, if appropriate, showing spatial relationship of project to beneficiaries

Project Impact

For each project, the following impacts should be analyzed:

1. Job impact - Impacted Firms

    a. identify firms which have stayed in area, located in area, or plan to locate in area
    b. establish if there is causation between EDA project and firm's locational decision
    c. if so, determine
        (1) jobs, number and type
        (2) income levels for (1)
        (3) Indian or non-Indian for (1) and (2)
        (4) Indian training (production skills and management)
        (5) past employment status of (3)

d. how did firm learn about reservation?
e. prospects of Indian entrepreneurship should be assessed (Indian take-over after a period of time, replacement of white management with Indians, etc.)
f. stability of firm should be gauged
g. growth prospects should be assessed
h. amount of private investment
i. related firms should be identified (suppliers, truckers, consumers) and follow-up performed as appropriate (if EDA secondary causality is a possibility)
j. diversification and/or exploitation of latent resource

2. Job Impact - Other

a. identify workers or employees associated with project itself (road maintenance, tourist workers, community center personnel, etc.)
b. determine payrolls
c. Indian vs. non-Indian
d. previous work status
e. future job prospects
f. stability and growth (career ladder) potential of current jobs
g. amount of private investment if any (example: motel)

3. Income (non-Job) Impact

a. identify possible sources of non-job income generated by project (tourist dollars, logging sales, fish sales, etc.)
b. establish relationship of project to income change
c. if related, measure extent of present income change
d. estimate future income flows resulting

4. Development Potential Impact

a. what changes -- in addition to the project itself -- have occured in the infrastructure (physical plant) of the reservation which are related to and/or influenced by the project?

b. how would the infrastructure of the reservation be characterized now and just prior to the project? (select best choice)

_____(1) fully-developed industrial sites, with good utilities and access roads, and adequate housing.

_____(2) major improvements, capable of servicing most industries with utilities and access. Some new housing.

_____(3) capable of accommodating some industries with good sites and most utilities. Minimal improvement in housing.

_____(4) capable of accommodating some industries with good sites and most utilities. No improvement in housing.

_____(5) site available for one industry. Minimum utilities and housing.

_____(6) some public facilities provided with marginal relationship to industry.

c. what changes have occurred in the availability of financial assistance to the reservation which are traceable to the project?

d. how would the financial capacity of the reservation be characterized now and just prior to the project?

_____(1) the tribe can secure funding for most development projects.

_____(2) the tribe can secure financing for some feasible projects but financing is still a limitation.

_____(3) the tribe can secure some financing but inability to finance many projects is a major drawback to development.

_____(4) the tribe is unable to obtain financing for projects.

e. what changes have taken place in the attitudes and actions of the tribal leadership toward economic development which are attributable to the project?

f. how would the leadership of the reservation be characterized now and just prior to the project?

_____(1) all the leadership on the reservation has been galvanized into action; they are enthusiastic about development and have increased their capacity to be effective significantly.

_____(2) most of the leadership is enthusiastic about development and willing to take initiative to implement projects.

_____(3) there is willingness on the part of local leadership to consider developmental projects and to provide some initiative.

_____(4) the leadership is willing to consider developmental projects, but is not yet ready to take the initiative.

_____(5) the leadership moves slowly and cautiously and is generally opposed to most development projects.

_____ (6) there is great conflict of opinion among the leadership concerning economic development; consequently little activity occurs.

g. what changes have occurred in the overall managerial skill levels of the reservation work force as a result of the project.

h. what changes have occurred in the overall production skill levels of the reservation work force as a result of the project.

i. is the work force more likely to attract a given industry now than prior to the project? why? which industry or industries?

j. in what ways has the project increased knowledge about the economic development opportunities available to the reservation, particularly with regard to better utilization of resources and/or locational advantages?

k. have actions been taken to exploit this newly acquired knowledge? if so, what action and to what end to date?

Persons to Contact

- Tribal Chairman
- Other Tribal Leaders
- Planner
- Project Sponsor
- Project Manager
- Firm Representatives (may need to telephone headquarters)
- Bankers, if appropriate
- BIA superintendent
- Others, as project related

Issues, General

1. Industrial Parks -- why are they empty?
2. Tourist Projects -- are they well-conceived and likely to be profitably operated?
3. What steps are taken to make outside firms aware of reservations?

4. what steps are being taken to develop Indian businesses which can exploit the new infrastructure?

5. what will be the impact -- if any -- of the new 100 percent grant policy?

6. what types of related assistance (financial, technical, managerial, etc.) are needed to enhance public works projects?

7. do projects take too long to reach fruition? what are causes for delay that might be addressed? (local vs. EDA)

8. community centers -- do they fulfill a legitimate need?

(4) INFORMATION GUIDE

PLANNING GRANTS

INFORMATION GUIDE

PLANNING GRANTS

Summary

Planning grants are designed to provide funds for hiring staff and for related costs required for the task of preparing and implementing an overall economic development program. Specifically, the staff hired will gather and analyze statistical data; inventory human, social, and economic resources and/or attributes; plan projects for the utilization and/or enhancement of these resources and attributes; consolidate these projects into an overall program package; develop implementation procedures; and assist in the actual implementation process.

A typical grant to an Indian reservation will range between $20,000 and $40,000, enabling the hiring of one to two full time planners plus expenses. The Federal contribution is usually set at 75 percent of the total projected cost, with the reservation contributing the remaining 25 percent in cash or in-kind (working space, supplies, free man-days, travel costs, etc.). The planners are hired by the reservation with the approval of EDA. (EDA seldom vetoes a selection.) The reservation is supposed to advertise widely for applicants before filling the posts. Usually, planners will be terminated with a change in tribal leadership.

Most times, a grant is for a one-year period. In some cases, the amount is sufficient to carry over an additional year. The receipt of a planning grant usually -- but not necessarily -- results in renewals of the grant in subsequent years. Since the grants flow naturally and uninterrupted from one year to the next, it is reasonable to treat and to assess the planning grants as a single grant running throughout the period from initial grant to the end of the last renewal. Thus, the funded planning process (as the summation of individual grants) will be evaluated.

The results of the planning process will be: (1) written documentation of the process; (2) sets of realized, developing and proposed projects; (3) resultant improvements in the development potential of the reservation; and (4) possible income impact resulting from completed project spinoffs. All these results need to be assessed.

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Description of Grant(s)

For the single planning grant, or, in the case of subsequent renewals, for the block of grants, obtain the following information:

1. Period Covered

   a. when was it decided to apply for the initial grant (estimate)?

   b. what was the date of the initial formal application submitted to EDA?

   c. when was initial grant approved by EDA?

   d. what were the dates of subsequent grants, if any?

   e. is the grant still active? if not, what was the final date of termination?

2. Cost and Allocation

   a. what was the total amount of the planning grant(s), by year?

   b. what was the amount of the local contribution in cash and in-kind by types (office space, supplies, free staff, etc.)

   c. how was the cost of the total planning activity allocated among staff salaries, consultants, travel, supplies, space, other?

3. Actors

   a. who initially decided that the tribe should apply for its grant?

   b. who wrote the initial application to EDA? who signed it?

   c. through what process was the first planning staff hired? how many planners?

   d. characteristics of first planning staff

_____white or Indian

_____place of former residence

_____past planning experience, if any

_____educational background

_____prior work background (with Indians?)

e. has there been (were there) any changes in the composition of the planning staff? if so, discuss changes and reasons behind them.

f. what are characteristics of last (current) planning staff, if different from initial staff:

_____white or Indian?

_____place of former residence

_____past planning experience, if any

_____educational background

_____prior work experience (with Indians?)

4. Output

a. which documents (OEDP's, updates, action plans, etc.) have been (were) produced by planning staff under the grant?

b. how many Technical Assistance, Business Loan, and/or Public Works applications to EDA have been (were) submitted by the planning staff, by type and date?

c. how many projects recommended in the plans have been made operational? list these and describe them each briefly.

d. what has prevented other projects from becoming operational?

e. what has been the role of the planning staff, if any, in attracting new firms to the reservation?

f. how has staff time been allocated by activity type (document preparation, program implementation, data collection, travel, etc.) over the lifetime of the grant(s)? what was the rationale, if any, behind this allocation?

g. with what frequency and for what purposes do the following events occur:

_____meetings between planners and tribal leaders

_____meetings between planners and other tribes in the area

_____meetings between planners and non-Indian representatives of the area

_____attendence at regional and national Indian conferences or meetings

Staff Attitudes

a. how does the current staff view the planning function on the reservation?

b. is this a different position from former planning efforts, if any, on the reservation?

c. what are the major barriers to more effective planning?

d. have steps been taken to lower or eliminate these barriers? if so, discuss.

e. what is the "ideal" atmosphere or ground rules under which planning should take place on the reservation?

Analysis of Planning Documents

Review all planning documents produced under the grant. For each of these planning documents, assemble the following information:

a. period of plan preparation and date of final document

b. who wrote the document? were outside resources (consultants, etc.) utilized?

c. what was the degree of tribal participation in the preparation?

d. does the document define the needs of the tribe in operational (as opposed to rhetorical) terms?

e. does the document clearly define the critical problem areas and related barriers to development?

f. are reasonable and seemingly feasible development projects for addressing these needs and problem areas offered?

g. do implementation steps accompany the projects recommended?

h. summarize the quality of the document as (select one):

_____outstanding

_____clearly above average

_____adequate

_____spotty

_____poor

_____valueless

Income Impact

With regard to each project included in planning documents which have been implemented:

1. establish if planning grant activities led to the project's inception and/or development

2. if so, determine if any job or income impact has resulted from the project

3. if there is job or income impact, assess this according to the format suggested in the information guide for public works projects (specifically, pages 11 and 12, items under "Project Impact ")

Economic Development Potential Impact

Substitute the term "planning grant(s)" for "project", and assess the impact of the planning process on development potential utilizing the information guide for public works projects (specifically, pages 12 through 14, items under "Development Potential Impact").

Persons to Contact

- Tribal Chairman
- Other Tribal Leaders
- Planner
- Planning Staff
- BIA Superintendent
- Banker
- Other, as appropriate

Issues, General

1. are area planning grants preferable to district grants and/or intertribal grants (such as in Arizona)?

2. are Indian planners more effective than non-Indian planners? why?

3. what are the characteristics and/or attitudes of a "good" reservation planner?

4. are recruitment procedures for attracting planning staff adequate?

5. is sufficient funding available to meet planning needs of the reservation?

6. is the EDA planning guide, "Handbook for Redevelopment and Title I Area Communities" utilized at all? is it useful?

7. are adequate planning guidelines established by EDA?

8. is the 75%-25% funding policy reasonable? Should larger Federal contributions be offered? why?

9. are there undue delays or other problems associated with receiving planning grants from EDA?

(5) INFORMATION GUIDE

BUSINESS LOANS

INFORMATION GUIDE

BUSINESS LOANS

Summary

The business development loan program (BDL) of EDA provides long-term, low-interest rate loans to businesses seeking to establish or expand production facilities. Businessmen, public agencies, local development groups, and, in the case of Indian reservations, usually the tribe itself are eligible to apply for these loans and may receive up to 65 percent of the venture's fixed asset requirement (land, building, machinery, equipment).

A proposed project must meet several criteria: (1) funds are not obtainable from other sources on acceptable terms: (2) funds will not be used to relocate a venture, thereby decreasing employment elsewhere; (3) the project is not in an industry suffering from long-run overcapacity; (4) there is a "reasonable assurance of loan repayment"; (5) the project must be consistent with the OEDP and must be approved by the responsible governmental agency (State, development district, tribal council); (6) at least 15 percent of total fixed assets cost must be supplied by the locating or expanding firm as equity or subordinated debt; (7) the loan cannot be used for working capital (although EDA may guarantee private working capital loans made by private banks in connection with previously approved EDA fixed asset loans in some instances, usually in the case of a subsequent loan for expansion); and (8) the application adequately treats the "5 M's" of management, market, machinery, materials, and money (working capital and the remaining fixed capital required).

The stated purpose of the BDL program is to upgrade an area economically through creation of jobs and income. The BDL program is run as a "government banking operation." Its objective is to use the BDL, currently offered on terms of 7-1/4 percent for 25 years,* to begin or support a capital marshalling effort which will result in a job-providing business. In theory, EDA will take certain risks beyond those of a commercial bank. Loans can be made directly to the tribe, which uses the money to construct the facilities and in turn leases them on a long-term basis to the firm. There must be a lease in-hand before a loan will be made. The EDA loan can be subordinated (takes a junior claim on the firm's assets at liquidation) to that of any participating, commercial financial institution but is senior to (takes precedence over) the capital supplied by the firm. The tribe, however, retains ownership of the facilities at the expiration of the lease.

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* On March 31, 1971, the BDL interest rate was dropped to six percent.

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Description of Project

1. Information about Firm

    a. name of firm
    b. type of business (product produced)
    c. size of facility (both land and buildings)
    d. total cost of facility
    e. is firm a multi-plant operation? if so, where is headquarters and other plants? do they produce the same product in all plants? where does this plant on the reservation fit into the total firm's operations?
    f. what were the reasons for locating (expanding) on the reservation?
    g. what were the objectives of the tribe in attracting and/or agreeing to the firm's operation (expansion) on the reservation?
    h. is the project consistent with the OEDP and/or other reservation plans?

2. Project Derivation

    a. by whom was the project first conceived (firm, tribe, planner, EDA, other)?
    b. how was the match between the firm and the reservation made? (how did firm learn about reservation)
    c. were other program tools of EDA involved, and to what extent (planning grant, public works project, technical assistance study)?

3. Project Actors

    a. who participated actively for the firm, the tribe, EDA, and/or other financial institutions, and others in:

        (1) the project development as a concept
        (2) the research and writing of the proposal
        (3) preparation of feasibility studies
        (4) matching the reservation with the firm
        (5) securing of additional (non-EDA) capital
        (6) "packaging" of the project into an operational venture (labor, management, supplier, consumer, and facility development)

4. Project Timing

    a. when was the project first conceived (estimate)?
    b. when was the match between the reservation and the firm first made (estimate)?

c. what was the initial date of the application to EDA for loan? what transpired during the interim period (between b and c)?

d. when was loan approved? what were the reasons for any delays between submission and approval (between c and d)?

e. when did the plant become operational? list any key dates prior to the plant opening (such as ground breaking, construction delays for unforeseen reasons, etc.)

5. Project Cost and Terms

a. what was the total fixed cost of the project, by significant component (land, buildings, machinery, etc.)?

b. what was the EDA contribution?

c. what were the terms of the EDA business loan?

d. what was the working capital requirement of the firm?

e. did the firm receive financing from other sources as well (commercial bank, other)? what were the dates and terms of these loans (or grants)?

f. was the EDA loan used as leverage to obtain this additional financial assistance?

g. is the EDA loan subordinated to these other loans?

Project Impact

1. Job Impact

a. how many new or saved jobs were created by the firm?

b. describe these jobs by skills and salary level.

c. how are these jobs distributed among Indians and non-Indians? females and males?

d. what was previous work status of employees, Indian and non-Indian?

e. do career ladder opportunities exist?

f. what training programs were (are) offered?

g. is there an operating policy of moving Indians into management and higher skilled positions currently (previously) held by non-Indians?

h. does the firm have future growth plans which will increase the number of employees and/or their income?

i. have other firms on or near the reservation been affected by this firm? if so, analyze job impact for them as well.

2. Other Income Impact

a. are there any additional income flows, other than from jobs, to the reservation? (sales of resources, tourism, secondary operations, etc.)

b. if so, describe type of flow and level of income generated to the reservation
c. what is the growth potential of this income flow?
d. have the firm's activities increased the potential value of some natural resources on the reservation? if so, explain

3. Development Potential Impact

a. analyze the impact of the business loan project on the reservation's economic development potential (utilize the information guide for public works projects, pages 12 through 14 , entitled "Development Potential Impact")

Persons to Contact

- Plant Managers
- Firm Representatives (as required, perhaps by phone)
- Employees (only as required)
- Planner
- Tribal Chairman
- Bankers
- Other Participants in Business Loan Project

Issues, General

1. Why are so few business loans made to reservations? ($6 million allocated this year, perhaps only $2 million will be spent)

2. Is EDA in fact willing to take a risk greater than a commercial bank?

3. Is the current process of developing a business loan project a reasonable one, in terms of time and requirements? are terms favorable?

4. How can more business loan projects on reservations be conceived? Developed?

5. Is the business loan a necessary or a sufficient incentive to attract firms to reservations? What additional incentives are needed?

6. Are business loans coordinated with other EDA programs (TA, public works projects, planning)?

7. What have been the most common reasons for delays in processing? What has happened to decommitted projects?

(6) INFORMATION GUIDE

TECHNICAL ASSISTANCE PROJECTS

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INFORMATION GUIDE

TECHNICAL ASSISTANCE PROJECTS

Summary

The technical assistance program (TA) provides assistance to EDA-funded areas in solving problems and removing barriers to economic development. The assistance has usually taken the following forms on reservations: (1) funding of feasibility studies which analyze prospective business ventures and recommend ways to begin attractive ones; (2) conducting inventories of existing resources (e.g., timber); (3) management and operating assistance to tribes or reservation entities in the form of salary and operating funds; and (4) funding support for projects which have high demonstration potential throughout Indian tribes and reservations (continual TA to selected tribes in developing fish farming technology).

The most important criteria used in processing an application are the following: (1) ability of results of TA project to lead to specific and realistic employment gains in near future; (2) ability and desire of tribal leadership to follow effectively on TA results (3) relationship of proposed project to overall development plan of reservation; (4) extent of local contribution to project cost; and (5) ability of effort to be supported or furthered by TA to contribute to economic development of reservation.

TA is usually sought near the beginning of the process which leads to the establishment of a business or economic venture. Its product may result in public works and/or business loan applications, and it should be closely related to the planning function. TA may also occasionally be used in the later stages of venture development.

Description of Project

1. Type and Reason for Assistance

   a. what was the purpose of the technical assistance? what tribal resources were being investigated?

   b. what specifically was the work accomplished? how much did it cost?

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c. did the project relate directly to some other EDA project (business loan, public works, planning grant)?

d. was the project suggested in the OEDP or in some other tribal plan?

2. Project Derivation

a. who initially conceived of the need for the technical assistance (the tribe, the planner, EDA, an outside consultant, other)?

b. was the initial conception different from the final project as funded? in what way?

3. Project Actors

a. who wrote the application to EDA?

b. who signed it?

c. who conducted the project? what was his prior experience and qualifications?

d. how was the selection made of who should conduct the project?

e. what was the role of the tribe in the conduct of the project?

4. Project Timing

a. when was the project conceived (estimate)?

b. when was the application made to EDA? (what were the reasons for any delays between "a" and "b"?)

c. when was the application approved (what were the reasons for any delays between "b" and "c"?)

d. when was staff (consultants) selected?

e. when was work completed? (what were reasons for any unforeseen delays between "d" and "e"?)

5. Project Cost

a. was the TA project a service or a grant?

b. what was the total project cost?

c. what was the EDA contribution?

d. what was the form of tribal contributions (cash and in-kind, by type)?

e. was the project completed within budget? if not, how much and in what manner were subsequent funds obtained?

Analysis of Report

1. did a final report result from the project?

2. if so, analyze it in terms of:

    a. clarity of objectives of study

    b. reasonableness of study design in terms of timing, cost, staffing, and tasks

    c. documentation of all aspects of study

    d. consistency of findings, conclusions and recommendations

    e. usefulness in meeting objectives

3. rate the overall report by selecting the best description:

_____outstanding

_____high quality

_____acceptable

_____spotty

_____highly questionable

_____inferior

4. justify selection

5. what actions were recommended? were they implemented? if so, discuss.

Project Impact

1. Job Impact or Income Impact

    a. if the project led to a business loan, public works project, second TA grant or service, or a planning activity which in turn led to job creation or income impact, be sure to note role of the project during the analysis of the appropriate program tool. Do not worry about attribution of credit among the various tools at this time.

b. if jobs resulted as a consequence of the TA grant or service without the presence of another EDA program tool, analyze the job or income impact according to the format in the information guide for public works projects on pages 11 and 12. Do not worry about assigning proportionate credit to the project versus other causal factors at this time.

2. Development Potential Impact

a. analyze the impact of the project on the development potential of the reservation utilizing the information guide for public works projects, pages 12 through 14 . In cases where the TA project was only one of several contributing factors to the change, note these other factors during the discussion and analyze their contribution as well.

Persons to Contact

- Planner
- Tribal Chairman
- Other Tribal Members Involved in Study
- Consultant Who Conducted Study (if easily accessible)
- Impact Firms or Project Representatives

Issues, General

1. how well are TA grants and services linked to other EDA program tools?
2. is "one-shot" technical assistance useful? Would some form of continuous technical assistance be more effective? What form would be most desirable?
3. are the best available consultants being utilized? Why not?
4. does the purchase order program for small projects make sense? Should it be expanded? How?
5. are other types of technical assistance needed by the reservation? If so, explain.

APPENDIX B

PROJECT RATING SYSTEM*

An EDA project (or set of related projects focusing on the same facility) may be instrumental in:

1. attracting job and income generating activities to a reservation;

2. permitting such activities to remain on a reservation; and/or

3. allowing activities to expand their levels of operation.

At the time of evaluation of a given project (or set of related projects), some job and income impact may have already been realized. However, it is equally likely that future income flow will also be generated as a consequence of the project. Thus, a complete project assessment must include both identifiable current income impact (including discounted future jobs which are anticipated with reasonable certainty) plus an estimate of the development potential of the project in stimulating future, but as yet unidentified, job and income impact.

In order to synthesize the data obtained during the field visits to the reservations, and to express these data in a standardized manner which would permit cross-project and cross-reservation comparisons, a project rating system was devised. This system was designed to produce two scores: one reflecting income impact to date per dollar of EDA investment and a second reflecting the development potential of the project per dollar invested as a function of its impact on local infrastructure, borrowing power, leadership, skill levels, and development knowledge.

The income score was derived directly from the realized job and income impact attributable to the project (or set of related projects) to date. Each source of income change attributable to the project was identified and analyzed in depth. These sources included activities which were in operation at the time of the evaluation and whose levels of operation were clearly related to the improved conditions made possible through EDA involvement; and those activities which were not operational at the time of the evaluation, but which had reasonable certainty of becoming operational within a year. In these latter cases, the projected income attributable to the activity was discounted by an amount proportional to the degree of risk involved. Expanded job projections in already operating activities were handled in a similar manner.

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* As discussed in Chapter Three of the text, this rating system was not used in the final analysis. It is presented here for those interested in its value as a methodological approach to project evaluation.

The income derived from these sources was modified on the basis of the stability of the employing activity in question, the extent of Indian entrepreneurship, the degree of difficulty associated with economic development on the particular reservation, the level of private investment generated, and by the indirect income spun off as a result of the direct income impact. The bonus and discount system utilized to handle these modifications is explained below. The adjusted income impact was then related to the level of EDA investment in the project to produce a final income score.

The potential score for a project (or set of related projects) expressed its traceable impact upon (1) the infrastructure of the reservation, (2) tribal borrowing power, (3) tribal leadership as related to economic development, (4) skill levels of tribal members, and (5) knowledge of development opportunities on the reservation. Based on the level of impact, a score ranging from 0 to 100 was obtained. This score was adjusted to account for the degree of difficulty associated with economic development on the particular reservation. A final potential score was then obtained by relating the adjusted score to the level of EDA investment.

A copy of the project rating sheet utilized to compute the two scores appears on the next page. The key items have been alphabetized for identification, and are explained in detail below.

1. Income Impact

(A) on the sample summary sheet records the source of the generated jobs and/or impact; that is, the income generating activity. Only those sources were included which were clearly related to one or more EDA projects and which could not have realized the impact without the projects.

(B) is the percentage of that impact which is assigned to the project. (Other summary sheets will record the remainder in cases where this figure is less than 100%). Thus, for example, a business loan may be given 50% credit for the impact realized and a public works project may be given the additional 50% credit. The assignment of percentages was based on the premise that EDA projects would be credited only if their contribution was considered to be necessary for subsequent income generated. In cases where more than one EDA project was deemed critical, the 100% credit was divided in proportion to their contribution. This was determined by the project team as a group after weighing the data available.

(C) is the actual number of jobs associated with the project going to non-Indians.*

(D) is the actual number of jobs associated with the project going to Indians (not necessarily to tribal members).*

(E) is the total number of jobs credited to the project, the sum of (C) and (D).*

(F) is the job income associated with the jobs in (E).*

(G) is other income accruing to the reservation from the project.* This would include fees for mineral extraction and foresting, rents, increased sales, and other such items.

(H) is the total income, the sum of (F) and (G).*

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*Future job and income impact was discounted before attributing it to a project. This was done according to the following guidelines:

1. 100% of specified impact was credited if plant or expansion was completed and hiring had begun;
2. 75% of specified impact was credited if plant or expansion was completed but hiring had not begun;
3. 50% of specified impact was credited if plant or expansion was under construction and completion expected within one year;
4. 25% of specified impact was credited if plant or expansion was not under construction but completion was expected within a year;
5. No impact was credited if none of the above applied.

(I) is a structural index used to assess the stability of the firm or enterprize which was the source of the generated income. The most stable activities were given full credit for income generated, under the assumption that the identified income flow would continue for several years. The annual income flows for less stable activities were proportionately reduced to reflect their relative instability. These discounts were developed during discussions with key EDA personnel and project staff.

1. 100% of the income was credited to stable firms in growth industries;
2. 80% of the income was credited to stable firms in non-growth or cyclical industries;
3. 75% of the income was credited to new firms in growth industries; and
4. 50% of the income was credited to new firms in non-growth or cyclical industries.

(J) is a bonus for Indian entrepreneurship. It was applied as follows:

1. 25% bonus for a venture which was tribally owned or controlled; up to 25% for partial, but non-controlling tribal ownership
2. 10% bonus for a venture which was owned or controlled by an individual tribal member or group of members; up to 10% for partial, but not controlling ownership by a tribal member.

(K) is a degree of difficulty bonus which reflects the relative difficulty of achieving economic development successes on the various reservations. Among the factors which reflect the degree of difficulty are isolation from markets, climatic conditions, resource deficiencies, transportation deficiencies, manpower deficiencies, lack of community amenities, and relations with neighboring non-Indian communities. In conjunction with EDA officials, the reservations were grouped according to their degree of difficulty as reflected by these factors. Three groupings were established, with the most difficult group receiving a 10% bonus and the middle group a 5% bonus. The groups were as follows:

10%	Fort Berthold
	Rosebud
	Blackfeet
	Annette Island
5%	Standing Rock
	Zuni Pueblo
	Fort Apache
	Red Lake
0%	San Carlos
	Salt River
	Crow
	Uintah & Ouray

(L) is a bonus for private investment in economic development ventures. It was assigned based on the ratio of private (non-government or non-tribal) to EDA investment as follows:

1. 0% for a ratio of less than 0.5
2. 5% for a ratio from 0.5 to 0.99
3. 10% for a ratio from 1.0 to 1.49
4. 15% for a ratio from 1.5 to 1.99
5. 20% for a ratio of 2.0 or over

(M) accounts for the multiplier effect of the income generated. Some of the income derived from the various sources attributable to EDA will be respent on the reservation and hence help support additional individuals and families. Hence it should be included as part of the realized income impact. The service economy of each reservation was evaluated during the field visits. As a result, indirect income multipliers were determined and applied to the direct income identified. These multipliers were:

1. 0%, if the shopping opportunities on the reservation were insufficient to meet the daily needs of the residents.
2. 15%, if the shopping opportunities on the reservation were sufficient to meet the daily needs of the reservation residents, but durable goods were generally unavailable.
3. 30%, if the shopping opportunities were more than sufficient to meet the daily needs of the reservation residents, and durable goods such as clothing and smaller applicances were available.

(N) is the adjusted income impact. It is the gain(or loss) from total income resulting from the above described discount and bonuses.

(O) is the adjusted EDA cost of the project. This figure is equal to the full amount of EDA grants plus 25% of the total amount of EDA loans. (It has been determined that the actual cost to the agency for loans approximates 25% of initial outlay after repayment and accounting for defaults and administrative and opportunity costs.)

(P) is the final income score. This is equal to the adjusted income impact (N) expressed as a percentage of the adjusted EDA cost (O).

2. Development Potential Impact

The impact of each project (or related projects) on the development potential of the reservation in question was gauged by assessment of its effects on five factors. These factors were weighted to reflect their relative importance utilizing weights derived during a group working session involving key EDA personnel and study team members. Each project was awarded points for each factor up to a maximum defined by the weight assignment. The sum of the five weight assignments totals 100, so a project with maximum impact on development potential could conceivably receive 100 points. The rationale for assigning points follows. These assignments were made in group work sessions which involved the entire study team.

(Q) Infrastructure (25 points)

A full 25 points was accrued by a project which resulted in a major change in infrastructure such as to make the area more attractive to industry and/or other economic ventures. A minor change in infrastructure was assigned a value of up to 10 points. A major change was defined as one which provided an infrastructure component essential to development while a minor change was one which was contributory but not essential to development. These two benchmark values served as guides in assessing infrastructure points.

(R) Borrowing Power (15 points)

Points for this factor were assigned with the following descriptions as guidelines:

1. 15 points if the project resulted in the tribe being able to secure funding for most development projects.
2. 10 points if the project resulted in the tribe being able to secure funding for some development projects, but financing was still a limitation.
3. 5 points if the project resulted in a discernible improvement in the tribe's ability to secure development financing, but the inability to finance development was still a major drawback.

(S) Leadership (35 points)

Three areas in which an EDA project could contribute to reservation leadership were isolated and utilized to assess this factor. These were higher level of positive development-oriented action, greater continuity of leadership, and improved attitude toward the development process. For each project, the field evaluator with the assistance of the study staff determined as best as possible the contribution generated from the project in each of these areas with respect to tribal leadership. On the basis of the group consensus, a point value up to a possible 35 points was assigned.

(T) Skill Level (10 points)

Points for this factor were assigned with the following as benchmarks:

1. 10 points, if the project has made a material and significant contribution to the quality of the labor force and/or the quality of managers or has materially and significantly increased the capacity of the reservation to train effective workers and managers.

2. 7 points, if the contribution of the project to the improvement in the present or prospective quality of the labor force, including management, is directly evident, but not significant.

3. 3 points, if the contribution of the project to the improvement of the present or prospective quality of the labor force, including management, is evident, but only indirectly through related experience rather than specific training.

(U) Knowledge (15 points)

The assessment of the project contribution to knowledge was assessed with the following as a guide:

1. 15 points, if the project resulted in a breakthrough in the potential utilization of previously unutilized or severely underutilized resources.

2. 10 points, if the project materially increased the know how of the tribe on how to take full advantage of its resources.

3. 5 points, if the project defined an efficient, feasible manner in which the tribe could utilize its known resources.

After completing the assignments for any project, the points given were compared against all previously assessed projects. As needed, adjustments were made in the point assignments made to the current or previously assessed projects. In this way, a consistent set of point assignments emerged.

(V) is the total development potential points accumulated by the project. It is the sum of the previous five items.

(W) is the degree of difficulty bonus and is the same as (K) above.

(X) is the adjusted development potential score which is the total of the accumulated points plus the degree of difficulty bonus.

(Y) is the adjusted EDA cost and is the same as (O).

(Z) is the final potential score which is the number of adjusted development potential points per $100,000 of adjusted EDA cost.

On the following pages, four actual project ratings are presented for illustrative purposes. They cover each of the program tools. The procedures utilized in computing the values and points on the various sheets are explained above. In all cases, these numbers were determined collectively by the entire study team. Generally, the specific project evaluator acted as an advocate of the project and attempted to display it in its best light. The other evaluators in turn challenged each assertion. Through this advocacy procedure, a consensus project rating was ultimately reached.

Furthermore, the projects were analyzed individually and comparatively. Thus, no project was rated higher than another project in terms of any given factor unless it was clear that the impact of that former project was in fact superior to the latter. This comparative assessment insured that consistency was maintained throughout the project rating process.

PROJECT RATING SHEET

RESERVATION	PROGRAM	PROJECT NUMBER	PROJECT TYPE
ANNETTE ISLAND	PW	07-1-00620	COLD STORAGE FACILITY

TOTAL PROJECT COST:		$ 735,000	100%	APPROVAL DATE: 1969
EDA COST:	GRANT	$ 488,000	66%	COMPLETION DATE: 1971
	LOAN	$ 97,000	14%	
	TOTAL	$ 585,000	80%	

BRIEF DESCRIPTION: A COLD STORAGE FACILITY TO BE USED IN CONJUNCTION WITH EXISTING CANNERY FOCUSING ON DIVERSIFICATION AND EXPANSION OF FISHING INDUSTRY

INCOME IMPACT

SOURCE	PLANT	FISHING		TOTAL
% CREDIT TO PROJECT	100%	100%		
NON-INDIAN JOBS	2			2
INDIAN JOBS	13			13
TOTAL JOBS	15			15
TOTAL JOB INCOME	$ 70,000			$ 70,000
OTHER INCOME		$ 150,000		$ 150,000
TOTAL INCOME	$ 70,000	$ 150,000		$ 220,000
STRUCTURAL INDEX	-25%	-25%		-$ 55,000
INDIAN ENTREPRENEURSHIP BONUS	25%	10%		$ 32,500
DEGREE OF DIFFICULTY BONUS	10%	10%		$ 22,000
PRIVATE INVESTMENT BONUS	0%	0%		
INDIRECT INCOME	15%	15%		$ 33,000
ADJUSTED INCOME IMPACT	$ 87,500	$ 165,000		$ 252,500

ADJUSTED EDA COST $ 512,250

INCOME SCORE.. 49%

DEVELOPMENT POTENTIAL

FACTOR	MAXIMUM VALUE	SCORE
INFRASTRUCTURE	25	25
BORROWING POWER	15	5
LEADERSHIP	35	20
SKILL LEVEL	10	0
KNOWLEDGE	15	0
TOTAL	100	50

DEGREE OF DIFFICULTY BONUS 10%

ADJUSTED SCORE 55

ADJUSTED EDA COST $ 512,250

POTENTIAL SCORE 11

PROJECT RATING SHEET

RESERVATION	PROGRAM	PROJECT NUMBER	PROJECT TYPE
BLACKFEET	PG	07-5-15002	PLANNING GRANT
		07-5-15002-01	CONTINUATION
		07-5-15002-02	CONTINUATION
		07-5-15002-03	CONTINUATION

TOTAL PROJECT COST: $ 240,715 100% APPROVAL DATE: 1967

EDA COST: GRANT $ 168,350 70% COMPLETION DATE: Continuing

LOAN $

TOTAL $ 168,350 70%

BRIEF DESCRIPTION: PLANNING GRANT FOR THE BLACKFEET TRIBE WHICH EMPLOYS TWO FULL TIME PROFESSIONALS

INCOME IMPACT

SOURCE				TOTAL
% CREDIT TO PROJECT				
NON-INDIAN JOBS				
INDIAN JOBS				
TOTAL JOBS				0
TOTAL JOB INCOME				
OTHER INCOME				
TOTAL INCOME				0
STRUCTURAL INDEX				
INDIAN ENTREPRENEURSHIP BONUS				
DEGREE OF DIFFICULTY BONUS				
PRIVATE INVESTMENT BONUS				
INDIRECT INCOME				
ADJUSTED INCOME IMPACT				0

ADJUSTED EDA COST $168,350

INCOME SCORE.. 0%

DEVELOPMENT POTENTIAL

FACTOR	MAXIMUM VALUE	SCORE
INFRASTRUCTURE	25	0
BORROWING POWER	15	10
LEADERSHIP	35	15
SKILL LEVEL	10	2
KNOWLEDGE	15	8
TOTAL	100	35
DEGREE OF DIFFICULTY BONUS		10%
ADJUSTED SCORE		39
ADJUSTED EDA COST		$168,350

POTENTIAL SCORE 23

PROJECT RATING SHEET

RESERVATION	PROGRAM	PROJECT NUMBER	PROJECT TYPE
CROW	BL	07-3-00455	CARPET MILL

TOTAL PROJECT COST:		$1,100,000	100%	APPROVAL DATE: 1967
EDA COST:	GRANT	$		COMPLETION DATE: 1968
	LOAN	$ 715,000	65%	
	TOTAL	$ 715,000	65%	

BRIEF DESCRIPTION: LOAN TO CROW INDUSTRIAL DEVELOPMENT COMMISSION FOR CONSTRUCTION OF PLANT FOR LEASE TO BIG HORN CARPET MILL

INCOME IMPACT

SOURCE	CARPET MILL			TOTAL
% CREDIT TO PROJECT	50%			
NON-INDIAN JOBS	5			5
INDIAN JOBS	40			40
TOTAL JOBS	45			45
TOTAL JOB INCOME	$ 175,000			$ 175,000
OTHER INCOME	0			
TOTAL INCOME	$ 175,000			
STRUCTURAL INDEX	-35%			-$ 61,250
INDIAN ENTREPRENEURSHIP BONUS	0%			
DEGREE OF DIFFICULTY BONUS	0%			
PRIVATE INVESTMENT BONUS	0%			
INDIRECT INCOME	0%			
ADJUSTED INCOME IMPACT	-$ 61,250			$ 113,750
ADJUSTED EDA COST				$ 178,750
INCOME SCORE				64%

DEVELOPMENT POTENTIAL

FACTOR	MAXIMUM VALUE	SCORE
INFRASTRUCTURE	25	0
BORROWING POWER	15	0
LEADERSHIP	35	10
SKILL LEVEL	10	2
KNOWLEDGE	15	0
TOTAL	100	12
DEGREE OF DIFFICULTY BONUS		0%
ADJUSTED SCORE		12
ADJUSTED EDA COST		$ 178,750
POTENTIAL SCORE		7

PROJECT RATING SHEET

RESERVATION	PROGRAM	PROJECT NUMBER	PROJECT TYPE
FORT APACHE	TA	08-6-09151	FEASIBILITY STUDY

TOTAL PROJECT COST:		$ 20,000	100%	APPROVAL DATE:	1968
EDA COST:	GRANT	$ 20,000	100%	COMPLETION DATE:	1968
	LOAN	$			
	TOTAL	$ 20,000	100%		

BRIEF DESCRIPTION: STUDIED FEASIBILITY OF CONSTRUCTING A SMALL LOG MILL ON THE RESERVATION

INCOME IMPACT

SOURCE	MILL	FOREST		TOTAL
% CREDIT TO PROJECT	33-1/3%	33-1/3%		
NON-INDIAN JOBS	1	0		1
INDIAN JOBS	9	16		25
TOTAL JOBS	10	16		26
TOTAL JOB INCOME	$33,000	$83,000	$	$116,000
OTHER INCOME	0	0		0
TOTAL INCOME	33,000	$83,000	$	$116,000
STRUCTURAL INDEX	-20%	-20%	%	-$ 23,200
INDIAN ENTREPRENEURSHIP BONUS	25%	25%	%	29,000
DEGREE OF DIFFICULTY BONUS	5%	5%	%	5,800
PRIVATE INVESTMENT BONUS	0%	0%	%	
INDIRECT INCOME	15%	15%	%	17,400
ADJUSTED INCOME IMPACT	$ 8,250	$20,750	$	145,000
ADJUSTED EDA COST				$ 20,000

INCOME SCORE.. 725%

DEVELOPMENT POTENTIAL

FACTOR	MAXIMUM VALUE	SCORE
INFRASTRUCTURE	25	0
BORROWING POWER	15	0
LEADERSHIP	35	0
SKILL LEVEL	10	0
KNOWLEDGE	15	3
TOTAL	100	3
DEGREE OF DIFFICULTY BONUS		5%
ADJUSTED SCORE		3
ADJUSTED EDA COST		$ 20,000

POTENTIAL SCORE 15

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